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## The People's Republic of China, 1989

- China's Politics: Conservatism Prevails — *David Bachman* 257
- The Uncertain Future of Chinese Foreign Policy — *Steven I. Levine* 261
- The Military in China — *Harlan W. Jencks* 265
- Inflation and Economic Reform in China — *Barry Naughton* 269
- Human Rights in China — *James V. Feinerman* 273
- China's Environmental Morass — *Vaclav Smil* 277
- Unrest in Tibet — *June Teufel Dreyer* 281

- 
- Book Reviews — *On China* 285
- Four Months in Review — *Country by Country, Day by Day* 298
- Map — *China* — Inside Back Cover



# Current History

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# Current History

SEPTEMBER, 1989

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*During the first half of 1989, an overheated economy, problems within the Chinese government and military, and the dramatic student protests in Beijing's Tiananmen Square triggered the worst political crisis in China since the Cultural Revolution. In the aftermath of the subsequent crackdown by China's hard-line rulers, our lead article notes, "the hard-line victory does nothing to solve the problems of inflation, corruption and low productivity. . . . The military may be able to suppress the population, but it is unlikely to prevent the decline if not the collapse of the central government's authority."*

## China's Politics: Conservatism Prevails

BY DAVID BACHMAN

*Assistant Professor of Politics, Princeton University*

On the evening of June 3, and in the early morning of June 4, 1989, Chinese soldiers entered the central districts of Beijing and killed thousands of students and ordinary residents of the city. For weeks before the crackdown, unprecedented numbers of Chinese citizens had taken to the streets in an effort to hasten the pace of political change in China and to move the Chinese political system in a more open and pluralistic direction. The declaration of martial law in Beijing on May 19 and the military suppression of June 3-4 were the government's answer to public opinion. The crackdown and the ensuing wave of repression have delegitimized the government and the leadership of the Chinese Communist party (CCP), have greatly undercut the decade of progress made under economic and other reforms and have created the conditions for power struggles within the Chinese leadership that will probably last for years.

The human costs of this tragedy may never be known accurately. The government has launched a furious cover-up denying that unarmed civilians were killed in Tiananmen Square, and declaring that about 300 people (mostly soldiers) died in "restoring order and putting down a counterrevolutionary uprising." Some outside estimates place the death toll in the thousands with perhaps 10,000 wounded. The overwhelming majority of these casualties were unarmed civilians. At this writing, the government is seeking the arrest of anyone involved in the demonstrations. Several protesters have already been tried, sentenced to death and executed. The damage to intellectual life, to the

chances of successful reform, and to popular support for the government are incalculable.

The fighting of June 3-4, 1989, marked the culmination of three interrelated processes: the loss of capacity by the central government; the rise of an assertive civil society; and the delegitimation of the regime. This essay is being written at a time of great uncertainty in China, and many of its conclusions are highly tentative. While the regime has lost its legitimacy, it may not be in imminent danger of being overthrown. Yet the crackdown has revealed fundamental problems that are almost impossible to resolve, given the current political system in China. For the next several years, Chinese politics will be turbulent, uncertain and detrimental to the modernization of China.

There are many reasons for the decline of central government capabilities. Some are the deliberate product of the economic and other reforms instituted over the last 10 years, like the sanctioned decentralization of decision-making authority in many areas of the economy. Others are unintended consequences of the reforms, like the creation of perverse incentives that continue to reward irrational investment policies and corruption. Splits within the leadership over the scope and pace of reform have also played a major role in the growing inability of the center to seize the initiative in Chinese politics. For many Chinese, the official state ideology is all but irrelevant and has been replaced by the desire for material advancement. This, too, deprives the state of a level of control over the populace.

Less frequent recourse to coercion was coupled with the decline of ideology. The leadership, the intellectuals, and the people generally did not see ideology and state power as being conducive to economic and technological development. As a result, the level of obedience to central decisions and official policies declined. Moreover, the policy problems faced by the leadership were increasingly complex; the solution of some problems compounded the difficulties associated with resolving others. Policy prescriptions were inherently controversial and, given the depth and variety of the problems, none could promise a fundamental breakthrough.

Finally, while Chinese society and the Chinese economy have changed over the last 10 years, political institutions have remained largely unchanged. The political system has made little effort to incorporate the dynamism of China under reform. Means of political participation and articulation have remained rudimentary, while the interests of society have grown more diverse, and arguably more in need of representation.

The decline in the ability of the central government to ensure that its policies are implemented poses a dilemma for reformers. The ability of Chinese leaders (of any political stripe) to affect developments was diminishing precisely at the time when difficult decisions about the future of reform were required. In 1988-1989, the economic system was only partially reformed. Real growth rates during the last decade were the highest in the world, but the efficiency of many enterprises was still dismal. There was gross overstaffing and there were redundant workers in state-owned factories; strong inflationary pressures were building; and developing markets were subject to extensive interference from political and administrative officials. Partial reform created powerful local interests that were well equipped to defend their new prerogatives.<sup>1</sup>

It was in this context that the party leadership decided to launch extensive and rapid price reform in May, 1988. It was probably de facto leader Deng

Xiaoping who made the decision to move quickly.<sup>2</sup> The leadership agreed; party General Secretary Zhao Ziyang supported the policy wholeheartedly and other leaders, including Prime Minister Li Peng, were more skeptical. Although the government tried to anticipate the consequent price rises, their estimates were too low and inflation rose monthly. The economy was also growing at a phenomenal rate (industrial production expanded by more than 20 percent in the first half of the year), suggesting that inflationary pressures would build. Popular dissatisfaction mounted, and between August and October, 1988, the Chinese leadership moved away from price reform and launched an economic austerity drive.

The political fallout from abortive price reform is hard to ascertain. Hong Kong sources say Zhao was severely criticized during the leadership's annual summer work conference in the coastal resort of Beidaihe. Deng apparently backed away from Zhao capriciously for supporting a policy Deng had authorized.<sup>3</sup> Whatever the exact details, Prime Minister Li and Yao Yilin (chairman of the State Planning Commission and a member of the Politburo standing committee) took control of economic policy-making.

Their policy of retrenchment, unambiguously announced in the early fall, has not been noticeably successful. Growth rates, investment and inflation had not declined by much, if at all, by the end of April, 1989. Localities, banks, enterprises and other organizations were not paying much attention to central policy; the economy was characterized by drift.<sup>4</sup> No policy was being implemented, and leadership relations were being polarized.

Zhao and his supporters apparently argued that the only solution was further reform. Admitting that price reform had been tried and had been found wanting, they argued for reform in a different direction, focusing on changed ownership relations and political change. Economists associated with Zhao claimed that the economy could never be rectified without changing ownership relations. They called for the creation of stock markets and the privatization of most, if not all, state-owned industrial enterprises.<sup>5</sup> Private ownership, they argued, would remove what they saw as the biggest impediment to reform: administrative and political interference in economic activities. Once enterprises were independent, price reform would be a relatively easy matter.

The proposals of the radical reformers for political reform are less clear. Zhao continued to uphold the need for consultation, dialogue and political change that he had advocated since 1987.<sup>6</sup> Privatization and stock ownership were political as well as economic reforms; they removed enterprises

<sup>1</sup>See *China News Analysis*, no. 1385 (May 15, 1989).

<sup>2</sup>See Lowell Dittmer, "China in 1988: The Continuing Dilemmas of Socialist Reform," *Asian Survey*, January, 1989, pp. 20-25, and "Zhao Ziyang Holds Discussion with Gorbachev," Foreign Broadcast Information Service, *China Daily Report* (hereafter FBIS), May 16, 1989, p. 28.

<sup>3</sup>Dittmer, op. cit., and "Zhao Ziyang's 'Setbacks' at Beidaihe Viewed," FBIS, August 31, 1988, pp. 18-21.

<sup>4</sup>"Text of Li Peng's NPC Government Work Report," FBIS, March 21, 1989, pp. 11-31.

<sup>5</sup>For example, see Hua Sheng et al., "The Great Strategic Change Confronting Our Reforms," *Xinhua Wenzhai* [New China Digest], December, 1988, pp. 31-38; and Robert Delfs, "Prosperity to the People!" *Far Eastern Economic Review* (hereafter FEER), December 22, 1988, pp. 12-13.

<sup>6</sup>For example, Robert Delfs, "Avoiding the Issues," *FEER*, April 6, 1989, p. 13.



and workers from the control of politicians and bureaucrats. But the ideas held by Zhao and others on political reform were complex. Zhao believed that Western-style democracy (or even democracy as interpreted in the Soviet elections of March, 1989) was not appropriate for China; he championed what is called the "new authoritarianism" — greater, unconstrained power for the central government with expanded respect for individual human rights.<sup>7</sup> Chinese theorists drew on the experiences of Taiwan, South Korea, Singapore and Hong Kong. In short, Zhao and his allies saw further, rapid and fundamental change as the appropriate response to the center's inability to control the economic and political environment.

The more cautious leadership group led by Li drew a simple and straightforward lesson from the limited success of retrenchment in early 1989. They would redouble the government's efforts to control economic growth, rein in lending and readjust the economic environment. They committed themselves to price reform in the medium-term future (5 or more years), after a healthy economy had reappeared and had been stabilized. They said nothing about political reform or about privatization. They had no trouble, however, in accepting the new authoritarianism. Their rhetoric was full of calls for "stability and unity"; centralization of power was the order of the day.<sup>8</sup> Yet, because Li and other conservative leaders did not propose new mechanisms for implementing their demands for further economic austerity, it is difficult to see how their policies would have been effective.

Li's coalition controlled the economic agenda and, to a lesser extent, the political agenda by mid-April, 1989. Their control was not absolute, and Li was personally vulnerable to a number of charges, perhaps most important, educational policy failures. For the most part, Deng sided with Li, though Deng was apparently more enthusiastic about the Open Door policy than Li. Neither leadership grouping had an answer to the problem of declining central power, which colored all policy discussions. Thus, by April 15, 1989, when former party General Secretary Hu Yaobang died, the leadership was split into two groups of reformers. Before Hu's death, there was still dialogue between the two groups. Economic experiments continued, and most leaders saw the economic readjustment only

as a temporary retreat. But Hu's death and the series of mass protests it provoked fundamentally divided the Chinese leadership.

## AN ASSERTIVE CIVIL SOCIETY

Although the government was increasingly stagnant and unable to act in 1988–1989, Chinese society (particularly those elements of society who were important for the state's future prospects — intellectuals and students) was vibrant. Throughout 1988–1989, students, intellectuals and activists demanded that their views be heeded by the state and that the political system expand democracy and human rights. The protests of April–June, 1989, were the culmination of one of the most extraordinary years in the history of Chinese communism.

Even without the student and intellectual activities of 1988–1989, Chinese society was vigorous. The old means of social control — class labeling; urban residency certificates; provision of social welfare through work units; mass campaigns; the existence of party cells and party control of appointments; the control of the media and the propaganda system; the state allocation of work assignments; and the rationing associated with the planned economy — were generally being eroded or destroyed by the reforms. As a result, the Chinese people were more mobile. Crime and disorder were more prevalent. The weight of the state on the citizenry diminished. People could carve out spheres of autonomy without much interference.

Intellectuals and students increasingly confronted the state, demanding not only that the state abstain from interfering in their lives too directly (negative rights), but that the state actively encourage human rights and some sort of democratization. They looked not only to Western democracies for inspiration, but to the political reforms under way in the Soviet Union, Hungary and Poland, and the transition to democracy taking place in South Korea and Taiwan.

The year of protest began in early June, 1988. A Beijing University student was killed by "hooligans." Other Beijing University students demanded greater police protection, but their demands quickly became political.<sup>9</sup> Big character posters appeared on campus, and there were several marches from Beijing University to Tiananmen Square in central Beijing. An underground organization, "The Action Committee," used the student's death to demand freedom of the press, freedom of public assembly, expanded electoral competition and more spending on education. This was the largest show of student activism since the late 1986–early 1987 student protests that asked for political reform (which were suppressed, leading to Hu Yaobang's resignation as General Secretary).

<sup>7</sup>On the "new authoritarianism," see Nicholas D. Kristof, "New Authoritarianism Seen in Chinese Actions," *The New York Times* (hereafter NYT), February 28, 1989.

<sup>8</sup>In addition to Li Peng's government work report (see footnote 4), see "Yao Yilin Report on National Plans," and "Text of Wang Bingqian Budget Report," both in FBIS, May 2, 1989, pp. 55–63 and 63–70, respectively.

<sup>9</sup>Robert Delfs, "Talking Out of School," *FEER*, June 16, 1988, p. 18.

While this brief protest was handled rather gingerly by authorities, other signs of social dissatisfaction and disorder suggested that further protests were likely. A survey by the Chinese Academy of Social Sciences in 1988 found that 83 percent of urban residents believed that the bureaucracy was corrupt, and 63 percent of the cadres in the sample admitted they engaged in corrupt practices.<sup>10</sup> Ethnic unrest broke out in the Xinjiang Autonomous Region (which borders the Soviet Union) in the summer of 1988. A highly controversial, proradical reform television documentary on the Yellow River (seen as a symbol of Chinese closed-mindedness) also appeared that summer and attacked state conservatism and control. Enterprise managers fought bruising battles with workers for effective control of factories, with managers seldom winning. Strikes broke out in a number of enterprises. The price reform greatly accelerated inflation, heightening social dissatisfaction.<sup>11</sup>

All these factors did not bode well for the regime as it approached the new year. In late December, 1988—early January, 1989, a series of incidents between African and Chinese students in Nanjing revealed that Chinese students were restive.

The pace of developments quickened in February and March. In late February, the Chinese leadership refused to allow the well-known dissident Fang Lizhi to attend a banquet given by United States President George Bush as part of the President's visit to China. Chinese actions drew condemnation from the United States and from Chinese human rights activists. Early in March, a series of violent clashes between Tibetans and Chinese in Lhasa, Tibet, triggered the imposition of martial law there. According to Tibetan sources, martial law led to the bloody suppression of Tibetan independence activists. Leading intellectuals and prominent Hong Kong figures began circulating petitions calling for amnesty for political prisoners. The fortieth anniversary of the establishment of the People's Republic of China is in 1989, and other amnesties have been announced on major anniversaries of the founding of the People's Republic. Scientists, vital for the Chinese modernization drive, called for greater political rights.

Activists looked forward to the annual meeting of China's National People's Congress (NPC), the

nominal legislature, in late March. The wide-ranging press coverage of the 1988 meeting had publicized criticisms of the government. Many delegates were in a feisty mood when the NPC met, but most criticisms took place behind closed doors because the CCP excluded the press from most meetings. Some problems, however, particularly the lack of attention to education, were confessed by Deng, Li and others.<sup>12</sup> The intellectual demands seem to have prompted Zhao to revive demands for political reform.

## DEMONSTRATIONS

All these developments were a mere prologue to the protests that developed after April 15, 1989. On that date, Hu Yaobang died after a heart attack suffered on April 8, apparently in a Politburo meeting discussing ideological and educational policies.<sup>13</sup> The views expressed by Hu, an outspoken champion of political reform and intellectual freedom who had close personal ties to many leading thinkers, became the issue that precipitated the mass demonstrations of April through June.

Beginning on April 17, students from People's University and Beijing University demanded that Hu's reputation be fully restored and that his ideas on political reform and intellectual freedom be put into practice. Up to 10,000 students participated in the protests, which included a sit-in outside the Zhongnanhai compound (the Chinese equivalent of the White House) on April 19. The shouts of "Long Live Democracy" and "Long Live Freedom" became the student rallying cries; they asked party leaders to come out of the compound to discuss democratic reforms. The police broke up this sit-in, and students were told that further demonstrations would not be permitted. Protests took place in Shanghai and other cities.

Despite bans on public demonstrations, about 100,000 people, mostly students, descended on Tiananmen Square on April 21. Instead of dispersing, many of the protesters waited in the square overnight, preventing the police from closing the square for Hu's funeral. Protests and memorials took place in other cities, and riots broke out in two provincial capitals. Shocked by the violence and by the number of people in Beijing (the total university population of Beijing is only about 150,000), the leadership issued increasingly menacing warnings to the students.

*(Continued on page 296)*

<sup>10</sup>Ellen Salem, "Fighting Sticky Fingers," *FEER*, June 16, 1988, p. 22.

<sup>11</sup>*FEER*, August 25, 1988, pp. 28-30; September 1, 1988, pp. 40-43; September 8, 1988, p. 131; and November 3, 1988, pp. 38-40.

<sup>12</sup>For example, see "Li Tiesing Holds News Conference," *FBIS*, March 24, 1989, pp. 14-19.

<sup>13</sup>"Heated Argument" Said Chinese Cause of Hu Heart Attack," *FBIS*, April 21, 1989, p. 17.

**David Bachman** is the author of *Chen Yun and the Chinese Political System* (Berkeley and Los Angeles: University of California, Berkeley, Institute of East Asian Studies, 1985) and numerous articles on Chinese politics.

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*"The uncertainty of China's political future, even though it is temporarily masked by the re-imposition of a repressive system, inevitably raises questions about China's foreign policy."*

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# The Uncertain Future of Chinese Foreign Policy

BY STEVEN I. LEVINE

*Senior Research Associate, Duke University*

**I**N the aftermath of the brutal suppression of the Chinese democracy movement on June 4, 1989, a large question mark hangs over China's foreign relations. Many substantial foreign policy accomplishments achieved during a decade of reform have been jeopardized. It remains to be seen whether international assistance in China's drive toward modernization will continue at its previous level or will seriously decline. China's multifaceted relationship with the United States—the keystone of Beijing's Open Door policy toward the advanced capitalist world—is bound to suffer. Shortly after the Tiananmen Massacre, foreigners left China en masse and Chinese leaders tried to mobilize latent antiforeign sentiment as a means of consolidating their control. Through beating and killing students and workers, psychological intimidation and incessant propaganda, the government has again erected a Great Wall of fear to separate the Chinese from foreigners. The question now is whether China will persist in its internationally oriented development strategy or revert to a more narrowly circumscribed relationship with the outside world.

It is essential to view events in China from historical perspective. On several earlier occasions—in the 1860's, the 1890's, the 1930's and the 1950's—China started down the path toward full integration in the international system, but it failed for a variety of reasons. After each unsuccessful attempt, China retreated behind a rampart of isolationism, preoccupied with domestic politics and obsessed with the defense of indigenous values against real or imagined threats from abroad.<sup>1</sup>

China's most recent attempt at international integration has run into serious problems arising from domestic political upheavals. It will take some time to analyze how China's foreign relations will be affected by the crushing of the democracy movement. However, even if the victorious octogenarian lead-

ers of the Chinese Communist party (CCP) continue their Open Door policies, they may find it difficult to elicit the degree of foreign cooperation and enthusiasm that they could count on earlier. Until a generation of reformers that is securely seated in power and imbued with a genuinely cosmopolitan outlook, emerges in Beijing China will probably be unable to resume its progress toward international integration.

In 1989, however, China's isolation may be less complete than it was on earlier occasions. The United States and its allies are likely to diminish their involvement in China because of uncertainty about China's future and revulsion toward the current leadership. For its part, the Chinese government, even if it encourages foreign trade, investment and technology transfer, will carefully screen and circumscribe Western cultural influences (which it views as subversive) and will carefully monitor contacts between foreigners and Chinese citizens.

In these circumstances, the Soviet Union, East European states and various third world countries may provide China with an alternative, second-best set of external partners, foreign markets and cultural contacts. These alternative partners could function as a kind of "emergency backup" system for China during a period when the Western world and Japan—the main generators of foreign capital, trade and technology transfer—are locked out of the grid that linked China to the international system during the decade of reform.

The fundamental premise of foreign involvement in China's economic reform program was political stability. At first properly skeptical, during the course of the reform decade foreign economic partners became increasingly convinced that China had overcome its legacy of instability. As early as December, 1978, China's de facto leader, Deng Xiaoping, promised an end to the political turmoil that had wracked China during the Maoist period under the slogans of "politics in command" and "continuing the revolution."<sup>2</sup> Discarding the notion of self-reliance, Chinese leaders abandoned the two-lane Maoist blacktop and accelerated onto the fast lane of international development.

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<sup>1</sup>See Liao Kuang-sheng, *Antiforeignism and Modernization in China, 1860-1980* (Hong Kong: Chinese University Press, 1984).

<sup>2</sup>Harry Harding, *China's Second Revolution: Reform after Mao* (Washington, D.C.: The Brookings Institution, 1987), pp. 61-62.



Beijing eagerly accepted development assistance from almost every international source, including the World Bank, the Asian Development Bank, foreign governments and private sources.<sup>3</sup> Grants, loans, foreign investment and advanced technology flowed into China, while tens of thousands of Chinese students sojourned in the United States and elsewhere, pursuing advanced degrees, particularly in the sciences.<sup>4</sup> Knowledgeable observers, who hailed China as an extraordinary economic success, identified domestic political stability as one of the key factors in China's transformation.<sup>5</sup> When student demonstrations in early 1987 led to the purge of party General Secretary Hu Yaobang, Chinese leaders quickly reassured foreign investors that there would be no change in China's Open Door economic policies.<sup>6</sup> Meanwhile, the cosmopolitan transformation of China's major cities, manifested by the outward trappings of Western culture like consumerism, advertising, tourist hotels, and fast food, created an environment attractive to growing numbers of resident and visiting foreigners.

However, this carefully constructed edifice of stability has collapsed. The military-security apparatus will probably be able to enforce a semblance of order in China, but a government that stands in opposition to its own people is structurally unstable. No amount of official Chinese propaganda can obscure the fact that during the democratic upsurge of spring, 1989, the urban population of China repudiated the political leadership of the Communist party. Sooner or later, there will be further upheavals. Prudence rather than sentimentality suggests a cautious and skeptical attitude toward further involvement in Chinese modernization efforts, even on the part of those foreign institutions and individuals who might be persuaded to ignore the suppression of a popular movement.

Even before the dramatic events of spring, 1989, a quiet crisis was brewing in China's relations with the United States. However, there was no way to

anticipate the storm that erupted in June, 1989. Sino-American relations had long rested on a common strategic interest, the political and military containment of the Soviet Union. Nonetheless, beginning in 1982, steady progress toward the normalization of Sino-Soviet relations had gradually eroded this strategic foundation. While Sino-American economic and cultural relations were burgeoning, divergent perspectives on several regional issues and Beijing's irritation at American criticism of China's policies toward Tibet and Chinese human rights practices frayed tempers on both sides.<sup>7</sup> Still, in December, 1988, Beijing and Washington celebrated the tenth anniversary of their establishment of diplomatic relations in a generally positive atmosphere.

There were grounds for optimism. Sino-American trade reached new heights in 1988, exceeding \$13 billion for the first time. Tension over various trade issues subsided. The United States was the largest foreign investor in China; new deals were constantly being announced; and cultural and educational exchanges flourished. Several hundred thousand American tourists visited China in 1988, while the United States hosted roughly 40,000 Chinese students. Most of all, Chinese and Americans in many different areas—politics, diplomacy, economics, culture, science and technology, education and others—had established a dense network of personal and institutional connections.

These multiple connections were like the sway bars in the edifice of Sino-American relations, ensuring that the relationship as a whole had a built-in capacity to weather the buffeting of adverse political winds. But the shock waves triggered by the Chinese democracy movement and the government's violent suppression may exceed that capacity, damaging the structure of Sino-American relations that took so long to build.

In the first half of 1989, Fang Lizhi—the leading spokesman and symbol of China's democratic movement—unwittingly became a barometer of the state of political relations between the United States and China.<sup>8</sup> Irritated Chinese authorities forcibly prevented Fang from attending a banquet in Beijing that United States President George Bush hosted during a hastily scheduled visit to Beijing in late February. China's senior leaders, including Deng Xiaoping, greeted President Bush warmly as an old friend. However, the visit, meant to demonstrate President Bush's personal commitment to the Sino-American relationship, served instead to highlight the differences between official Chinese and American views of political dissent and democratic rights.<sup>9</sup>

This incident, which might easily have been forgotten in the ordinary course of events, proved to be

<sup>3</sup>William R. Feeney, "Chinese Policy toward Multilateral Economic Institutions," in Samuel S. Kim, ed., *China and the World: New Directions in Chinese Foreign Policy* (Boulder: Westview Press, 1989), pp. 237–263.

<sup>4</sup>Leo Orleans, *Chinese Students in America: Policies, Issues and Numbers* (Washington, D.C.: National Academy Press, 1988).

<sup>5</sup>Dwight Perkins, *China: Asia's Next Economic Giant?* (Seattle: University of Washington Press, 1986); see also Nicholas G. Lardy, *China's Entry into the World Economy: Implications for Northeast Asia and the United States* (Lanham, Md.: University Press of America, 1987).

<sup>6</sup>*Beijing Review*, vol. 30, no. 7 (February 16, 1987), p. 5.

<sup>7</sup>For a fuller discussion, see Steven I. Levine, "China and the United States: Renormalization and Beyond," in Kim, op. cit.

<sup>8</sup>For a perceptive portrait of Fang, see Orville Schell, "China's Sakharov," *The Atlantic*, May, 1988, pp. 35–52.

<sup>9</sup>For a critical comment on the incident, see *Christian Science Monitor*, March 15, 1989, p. 19.



the precursor of a larger drama. On the day of the Tiananmen Massacre, Fang Lizhi and his wife Li Shuxian (herself an outspoken political activist and public figure) were given sanctuary in the United States embassy in Beijing. Furious Chinese officials protested what they termed a flagrant intervention in their internal affairs.<sup>10</sup> Meanwhile, Chinese media venomously portrayed Fang as the backstage director of the popular uprising—an absurd charge. Fang and his wife were certain to face the vengeful justice of the security apparatus if they were released into Chinese custody.<sup>11</sup> The resulting imbroglio was still unresolved at the time of writing.

In the immediate aftermath of the Tiananmen Massacre, thousands of American students, business people, tourists and others joined the exodus of foreigners fleeing China. Chinese officials, cynically trying to cover up what had really happened, expelled a number of American reporters on trumped-up charges. Among them was the chief correspondent for the Voice of America whose Chinese-language broadcasts—which Beijing resumed jamming—were a major source of information within China itself about developments there. It was not immediately clear what the effect of the domestic upheaval in China would be on Sino-American trade and economic relations, but in the short run, a mood of uncertainty and ambivalence prevailed in the American business community.<sup>12</sup>

What is the likely future of Sino-American relations? The answer to this question must be anchored in the recognition, particularly on the American side, that the Sino-American relationship is a complex system of loosely related government and nongovernment interests that are not easily amenable to unified control or direction. Among these are economic, military-strategic, political and cultural-social interests. Over the past decade all these interests were well served on both sides by the expansion and improvement of Sino-American relations. Now it is likely that these interests will be treated in a much more differentiated fashion by Chinese leaders. In particular, the Chinese will try to separate economic interests from other interests, according economic relations special importance in their policies toward the United States.

This scenario assumes that after restoring a semblance of order, Chinese leaders will pursue a modified version of their Open Door reform program. If so, they will attempt to repair the damage inflicted on Sino-American relations by offering assurances to American and other foreign business interests that essentially nothing has changed within China.

They may even take additional steps to create a more favorable business environment. American and other foreign companies that have already invested considerable sums in China are likely to return there after—or even before—a decent interval. Chinese leaders can count on short memories and the amoral calculus of the market to work in their favor. However, their task will not be easy because assurances of goodwill and promises of stability beyond the short term will lack credibility. New investments, particularly those with longer payoff times, are more problematic because sooner or later there will be another destabilizing reckoning between Chinese society and the state leadership. The best that the current leadership can hope for is a freezing of foreign economic relations at or near their present levels.

However, what if the external environment remains hostile to China's current leaders, and foreign businesses are reluctant to make new investments in what appears to be an inherently unstable political situation? Chinese leaders may then sourly conclude that the economic and political consequences within China of an Open Door policy, as well as the disruptive cultural impact of the opening to the West, are too high a price to pay for a development program that helped undermine party rule. In that case, they may stretch out their development plans and reinstitute some form of national autarky supplemented by a new program of economic relations with the socialist states and the third world.

In either case, the political, military and cultural-educational dimensions of the Sino-American relationship will suffer. For example, in June, 1989, President Bush forbade high-level official visits between China and the United States. Sino-American military-security cooperation will not soon be restored to former levels. Above all, Chinese authorities will be anxious to limit the access of younger, urban Chinese to Westerners and to Western ideas, values and culture. The familiar instruments of political control are even now being retrieved from the Maoist storehouses.

Implicit in the foregoing analysis is the fact that the United States government and the many institutions, organizations and individuals with an interest in Sino-American relations will face a choice concerning how and on what terms they will deal with China. Those who have only a financial interest in China or who have been inclined all along to dismiss the possibilities of democratic change there will be tempted to forgive and forget the brutal behavior of the Beijing authorities. Those with a deeper involvement in China and a greater trust in the capacity of people for democratic self-government will prefer to abstain from giving aid to the current regime and await the return of better times.

<sup>10</sup>The Chinese Foreign Ministry statement deploring American interference appears in *China Daily*, June 8, 1989, p. 1.

<sup>11</sup>*The New York Times*, June 10, 1989.

<sup>12</sup>*The New York Times*, June 12, 1989.

On balance, the most likely near-term prospect for Sino-American relations is a relationship emptied of the political, military and societal contacts that were such an important part of Sino-American relations over the past decade. Close contact within China at the personal level will be the hardest to sustain. This is one more indictment in the long list of crimes for which the real counterrevolutionaries in this tragedy—Deng Xiaoping, President Yang Shangkun, Prime Minister Li Peng and their confederates—will eventually have to answer.

On May 15, 1989, the long-awaited summit that marked the normalization of relations between China and the Soviet Union finally took place in Beijing. When Soviet President Mikhail Gorbachev and China's Deng Xiaoping shook hands and proclaimed the beginning of a new era in friendly relations between their two countries, the Sino-Soviet conflict that had defined international politics for a quarter of a century passed into history.<sup>13</sup> As it happened, one of the most anticipated moments in contemporary world politics turned out to be a side-show to the upsurge of the democratic revolution that was occurring simultaneously in Beijing. To the embarrassment of Gorbachev's official hosts, enthusiastic Chinese students hailed the Soviet leader as an apostle of political democratization and reform. Gorbachev's brief visit to China undoubtedly added momentum to the democratic movement. It is worth noting that Prime Minister Li waited until Gorbachev's departure before proclaiming martial law in Beijing.

During the course of 1988, China's political preconditions for the Sino-Soviet summit were satisfied by a number of Soviet diplomatic initiatives. These initiatives completed the removal of the "three obstacles" that Beijing had long claimed were blocking the path of Sino-Soviet normalization. (These were the Soviet intervention in Afghanistan; the Soviet support of Vietnam's occupation of Cambodia; and Soviet troop deployments in Mongolia and along the Sino-Soviet border.)

Announcement of the Soviet withdrawal from Afghanistan—completed on schedule by February 15, 1989—was followed by intensive discussions between the Soviet and Chinese deputy foreign ministers on the issue of Cambodia, culminating in an agreement to pursue a political solution to that conflict. In effect, both Moscow and Beijing agreed to reduce aid to their clients—Vietnam and the Khmer Rouge, respectively. That this was the key agreement is demonstrated by the fact that shortly thereafter, Prime Minister Li declared China's will-

ingness to normalize relations with the Soviet Union.<sup>14</sup> Finally, in a speech to the United Nations in December, Gorbachev announced that the Soviet Union would withdraw most of its troops from Mongolia.

Chinese Foreign Minister Qian Qichen visited Moscow in December, 1988, meeting with his Soviet counterpart, Eduard Shevardnadze, as well as with Gorbachev. Shevardnadze in turn visited Beijing in February, 1989, to make arrangements for the summit.

From China's perspective, the normalization of relations with the Soviet Union was desirable for several major reasons. First, it reduced anxiety about a security threat along China's northern border, permitting Beijing to rein in the military budget. Second, it substantiated China's claim to an "independent" foreign policy, facilitating China's diplomatic maneuvering between the two superpowers. Third, the Soviet Union promised an additional source of foreign aid and assistance to China's modernization program. This was particularly important with respect to development of the northeast and interior provinces of China that were disadvantageously located to profit from trade with and investment from Japan and the West. Finally, the Soviet Union reestablished a symbolically important connection between socialist China and the dynamic, reform-minded socialism of the Soviet Union at a time when the younger generation in China had already expressed its deep skepticism about the alleged superiority of socialism.

In the short run, of course, this connection proved to be of dubious value. Even before the spring democracy movement, Chinese students and intellectuals were conscious that under the ossified leadership of China's Old Guard reformers, nothing remotely comparable to the significant political changes taking place in the Soviet Union, Poland and Hungary was occurring in their own country. Mindful of the powerful example of Soviet and East European democratization, Prime Minister Li explicitly stated that China would not follow the path of these political reforms.<sup>15</sup> During the heady weeks of the democracy movement, Western political symbols, ideas and values informed and inspired its participants, but the Soviet Union, Poland and Hungary ultimately provided useful examples of how to embark on the transition from authoritarian Leninism to democratic socialism.

(Continued on page 295)

<sup>13</sup>*The New York Times*, May 17, 1989.

<sup>14</sup>Foreign Broadcast Information Service, *China Daily Report* (cited as FBIS), September 19, 1988, p. 8.

<sup>15</sup>FBIS, April 3, 1989, p. 20.

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*"The Beijing massacre was a terrible setback but not a reversal. Within a year, China will be back on the track of economic reform." However, the reforms will be held back by "the terrible disillusionment, cynicism and fear of the Chinese people. . . . This will cost China in terms of lost trade and technology."*

## The Military in China

BY HARLAN W. JENCKS

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THE appalling massacre of unarmed prodemocracy demonstrators in Beijing on June 3-4, 1989, thrust the Chinese People's Liberation Army (PLA) into the world's headlines. The crisis reversed a decade-long trend of military professionalization and disengagement from politics.

A fundamental problem has been the PLA's failure to enforce the rules enacted over the past decade. In June, 1985, for example, the government directed the reorganization of the PLA into Combined Group Armies (CGA's) and ordered the reduction of military strength by one million men. At least 25 percent of the manpower reduction was to include officers. Completion of the reorganization and the reduction was reported by mid-1987. However, according to a letter to *Liberation Army News* in August, 1988, after the million-man reduction, some companies still had up to 150 (sic) squad leaders in excess because they had achieved the mandated strength reductions by eliminating all the privates. In early 1989, an additional reduction of 300,000 to 500,000 men was rumored.

China's defense budget was 19.33 billion yuan (Y) in 1980, Y20.96 billion in 1987 and Y21.53 billion in 1988.<sup>1</sup> In real terms, this budget has not even kept up with inflation, and has dropped from 15 percent of gross national product (GNP) to less than 6 percent of GNP. Moreover, "the proportion of national defense expenditure in the state's total expenditure will not increase substantially." In de facto leader Deng Xiaoping's words, "The army must be patient."<sup>2</sup> Since 1975, military officers have come to accept the fact that military modernization has the

lowest priority of the Four Modernizations (agriculture, science and technology, the economy and defense). But the current budget is not adequate unless additional cuts are made in manpower and there is real progress in eliminating institutionalized waste.<sup>3</sup>

Between 1978 and 1985, the PLA divested itself of nonmilitary functions like construction and police work and concentrated on purely military activities. Still, the General Logistics Department (GLD) owns and operates 30,000 factories originally intended to make each province self-sufficient for "people's war." Most still operate at a loss, although many were closed in 1980-1983. Some two-thirds of the factories now sell products on the civilian market.

The real problem arose when support units, and even combat units, went into business in the mid-1980's, creating what one foreign observer termed an "entrepreneurial army."<sup>4</sup> Army troop units are now expected to operate at a profit by devoting themselves to various kinds of commercial production and services. Military forces are inherently not-for-profit activities, and the policy is backfiring spectacularly.

For the first time in many years, soldiers' and officers' pay was raised in 1988, but even officers' pay still lags far below that of factory workers. Individual soldiers are impoverished, deprived of food, lodging and basic services. Units cannot conduct training because they spend most of their time and energy on self-sufficiency production and commercial enterprises. Individual and collective poverty lowers the prestige of the army and hampers recruiting and retention. Because of their financial plight and China's weak legal framework, army units are also vulnerable to local authorities and state enterprises, which can extort illegal taxes and fees for goods, services and real estate.

Thus, the majority of PLA enterprises lose money, sometimes in lavish amounts. On economic grounds alone, PLA commercial activity will soon be more restricted. In January, 1988, China Inter-

<sup>1</sup>*Military Balance 1988-89* (London: International Institute for Strategic Studies, 1989), p. 147.

<sup>2</sup>Quoted in *Cheng Ming*, August 1, 1988, translated in Foreign Broadcast Information Service, *China Daily Report* (cited as FBIS), August 8, 1988, p. 33.

<sup>3</sup>See Richard Yang, ed., *SCPS Yearbook on PLA Affairs, 1988* (Kaohsiung, Taiwan: National Sun Yat-sen University, Sun Yatsen Center for Policy Studies, forthcoming).

<sup>4</sup>The following draws heavily on "China Invents the Entrepreneurial Army," *The Economist* (London), May 14-20, 1988, pp. 67-68.



national Trust and Investment Company (CITIC) took over one of the country's leading military vehicle factories, which had (mis)managed to lose over US\$2 million in 1987. Zou Jiahua, then minister of the State Machine-Building Commission, warned that the takeover would become a model for reforming the rest of military industry.<sup>5</sup>

The GLD will probably continue to operate some military factories, and PLA units will continue to grow their own food, as they have for decades. The requirements that they operate at a commercial profit, however, will probably be reversed soon.

## CIVIL-MILITARY RELATIONS

Some of China's "old warriors" have opposed military reform: they see their positions threatened by reorganization, their beliefs challenged by new policies and their experience rendered irrelevant by modernization. Most have been forced into formal retirement over the past decade, and younger, more professional and less politically active officers of the post-civil war generation have displaced them. In late 1987, Qin Jiwei, formerly the Beijing military region (MR) Commander, became minister of national defense. Zhao Nanqi took over the GLD. Relationships (*guanxi*) still count heavily in China, however; the new General Political Department (GPD) director is Yang Baibing, younger brother of China's President Yang Shangkun. The new chief of the General Staff Department (GSD) is Chi Haotian, who is said to be President Yang's son-in-law. The elder Yang is also the senior soldier on the State Central Military Commission (CMC).

The Chinese constitution of 1982 established the state CMC, which was supposed to replace the party Central Committee's Military Affairs Commission (MAC) as the supreme command organ of the armed forces. In 1983-1987, the CMC was seldom mentioned, while the MAC remained the locus of military control. In November, 1987, the thirteenth party congress reasserted the preeminence of the state CMC, but theoretically separate organs remain, with nearly identical memberships and functions. The Chinese press compounds the confusion, perhaps intentionally, perhaps out of its own confusion, by routinely referring to the "CMC" without identifying which CMC it means. Evidently, there is continuing disagreement at the top on whether the PLA serves the state or the party.

Regardless of disagreements on many issues, PLA senior commanders share a deep conservatism in the true sense of the term. Since 1949 senior Chinese military men (commanders and commissars) have generally resisted extremist policies that

threatened the unity of the country or the army. The latest example of their moderation was their hesitancy to use force against student demonstrators.

In early 1967, the PLA was thrown into the Cultural Revolution piecemeal, by vague and sometimes contradictory directives from ill-defined radical leading groups. The crisis came in July, 1967, when the Wuhan Military Region commander defied the Maoist radicals. PLA main forces were ordered to intervene, leading to widespread fighting between regional and main force units. Military leaders convinced Chairman Mao Zedong that radical excesses had to cease, because the PLA, and with it the country, were in danger of fragmentation. Beginning in September, 1967, the army reasserted order in Mao's name—giving a moderate resolution a radical label.

In May, 1989, just after the declaration of martial law, the two surviving marshals of the PLA, Xu Xiangqian and Nie Rongzhen, published statements calling for civil order, but saying that the PLA should not resort to violence. On May 24, 150 active and retired senior commanders submitted a letter to Deng Xiaoping and the Central Military Commission.<sup>6</sup> They declared that the PLA should never be used to spill the people's blood; this was an explicit reply to Deng's earlier statements that the party had to be "willing to spill some blood" to restore order. Signatories reportedly included Defense Minister Qin Jiwei, Chief of the General Staff Chi Haotian, former Chief of Staff Yang Dezhi and former Defense Minister Zhang Aiping.

The declaration of martial law on May 20, 1989, was followed by 12 days of humiliating failure to suppress the demonstrations peacefully, largely due to various commanders' unwillingness to use force. Some demurred, made excuses or pleaded illness. Few, if any, actually disobeyed once Deng, President Yang and Prime Minister Li Peng were clearly in control. Late on June 2, thousands of unarmed soldiers made one last spectacular attempt to "counter-occupy" Tiananmen Square. When they were repulsed, the high command was apparently convinced that peaceful methods were not going to work.

The soldiers had been told that the demonstrators were violent counterrevolutionaries. Whenever soldiers were close enough for the demonstrators to talk to them, they realized that they had been lied to, and withdrew in confusion and shame, sometimes abandoning their equipment. Therefore, fresh troops were ordered to advance rapidly to the square, killing anyone who resisted. Deng, Yang and the other leaders thus intended a bloodbath, to terrorize the demonstrators and to prevent conversation between them and the soldiers.

<sup>5</sup>*The Economist*, op cit., p. 67.

<sup>6</sup>"Marking Time," *Far Eastern Economic Review* (cited as *FEER*), June 8, 1989, pp. 16-17.

Contrary to initial reports, the Twenty-seventh Army was not the sole "butcher of Beijing." Elements of the Fifteenth, Thirty-ninth and even the supposedly "prodemocracy" Thirty-eighth armies were also involved.<sup>7</sup> Because some commanders were still opposed to bloodshed, there was a brief danger of an intra-PLA split. However, the danger of civil war was probably never so great as observers thought, and certainly not so great as in 1967. Little, if any, skirmishing between PLA units has been confirmed.

As always, military leaders acted to preserve unity. They believe that a country and an army unified behind bad policy is better than civil war for any reason. Civil war would be disastrous for all Chinese. The condition for military unity is a unified central leadership. Once Deng and the hard-liners consolidated their power and issued clear orders, PLA discipline was reasserted.

Nonetheless, behind the scenes, the military moderates will extract a price. Deng, Li and Yang have lost too much face to rule without the support of the moderate senior officers who dominate the army; economic reforms cannot continue without the support of senior civilian moderates. Former Logistics Director Hong Xuezhi and Qin Jiwei have appeared as part of the new power elite. Just as in 1967, the PLA will probably enforce a moderate victory but will allow it to use a radical name. Hard-liners will initially hold critical positions in the government, but moderates will begin to emerge or re-emerge within a year.

## LIMITED WAR DOCTRINE

After China's leaders announced in 1986 that a major nuclear war was no longer likely, the military press began to discuss the problem of "limited war." In 1988, there were descriptions of a "rapid reaction force" (RRF). The role of this force would be two-fold: to react to internal disturbances beyond the capability of local police, like the situation in Beijing, and to deploy for border fighting.

The crisis of May-June, 1989, was so large-scale and so politically complex that most PLA units in northeast and central China became involved.<sup>8</sup> None showed any evidence of riot control training. On the contrary, after June 3, all used tactics and equipment suited only for full-scale warfare.

The paratroops of the air force's Fifteenth Army have long been the army's main contingency force and will presumably be part of the new force. Paratroopers, flown in from the Wuhan area, partici-

cipated in the blood-letting in Tiananmen Square.

"Limited war" can take different forms under different circumstances, so these forces must be flexible — not a common characteristic of PLA units. A statement from China's National Defense University pointed out the importance of close political control, because "limited wars" tend to be fought for carefully specified political goals. It stressed the importance of modern technology for fighting, controlling and limiting military actions.

Chinese leaders are sincere in promising not to initiate nuclear warfare, but they remember the debates in the United States over the advisability of using nuclear weapons in Korea and again in Vietnam. They do not trust the Soviet Union or the other nuclear (and potentially nuclear) states near their borders. In 1986-1989, they continued low-yield nuclear testing and unveiled two tactical rockets and an advanced attack aircraft. All this suggests that China is developing tactical nuclear weapons for deterrence, for war-fighting, for total war and for "limited" nuclear war.

China's rapid reaction force will need reliable, modern and flexible logistics, communications, weapons and equipment. The troops will have to be well trained. This will be so expensive that the rest of the military's modernization will suffer commensurately. In fact, along with nuclear forces, some naval forces and a few CGA's in the northeast, the rapid reaction force will be one of the few sectors of the military to get increased funding in the coming decade.

The emphasis on quick decisive results and high technology is a major break with China's traditional doctrines of "people's war" and even "People's War Under Modern Conditions." Currently, the RRF is intended for the defense of what the Chinese regard as their territory, e.g., Tibet, the border with Vietnam and the South Sea islands.

## PERSONNEL

The million-man reduction left the PLA at about 3.5 million — still the world's second largest military force. Recruiting and conscription are in disarray. In August, 1988, it was revealed that recruits frequently had less education than their official records indicated. Partly in response, the PLA shifted its annual draft from autumn, 1988, to March, 1989. Officially, this would give soldiers an extra winter of training, but the delay also saved money and allowed the PLA to set up induction testing for the first time.

The PLA has grave problems filling recruitment goals, especially for technicians and officers. Whereas China's best and brightest young people used to enter the army as a means of advancement, they now avoid it. Civilian sector reforms have

<sup>7</sup>Few, if any, of the new Type-69 tanks are assigned to the Twenty-seventh Army, yet there were whole battalions of Type-69's in the Tiananmen massacre.

<sup>8</sup>Robert Delfs, "Tiananmen Massacre," *FEER*, June 15, 1989, pp. 10-13.

created glamorous new careers, while military service reduces one's ability to save money and get married.

Late in 1988, about 80,000 noncombatant PLA cadres were "civilianized," in accordance with Interim Regulations Governing Civilian Cadres, which had been announced in April. These included technical and administrative personnel ranging from file clerks to research scientists. Chinese commentators compare them with the civilian employees of the United States Defense Department, though China's "nonmilitary cadres" are treated like soldiers with regard to housing, hospitalization and leave. They can remain in one job until retirement, but are excluded from the increasingly professional officer corps.

On October 1, 1988, the PLA finally awarded officer ranks, indicating that most elderly senior cadres had been retired at last. The new system differs in detail from the Soviet-style system of 1955-1965, notably in having more noncommissioned officers. Normal retirement is now supposed to take place at specified ages for particular positions (not ranks, as in the United States), in accordance with the 1988 Regulations on the Service of Active Duty Officers. The same regulations apply to officers of the People's Armed Police (PAP). The national leadership intends to implement centralized officer promotion, progression, assignment and reassignment.<sup>9</sup>

The armed militia is evolving into a conventional Soviet-style PLA Reserve. No active duty PLA units have been demobilized into the Reserve, but the high command is considering the possibility. Reserve units are composed for the most part of former active service PLA men. Generally, they are specialized (e.g., tank, signal, anti-aircraft, chemical warfare, logistical support and communications) units. The conversion to reserve forces has not been smooth. Although some reserve divisions already figure in mobilization plans, other exist only on paper.

The armed militia may wither away through the 1990's. However, nominal "militia" organizations will probably continue to exist as names on lists in local mobilization offices, and assemble from time to time for political indoctrination and labor projects. In an 1987 article, Deputy Chief of Staff Zheng Baiqing of the Nanjing MR observed that superpowers like the United States and the Soviet Union have large proportions of their combined

armed forces in the reserve components, mainly for economic reasons. He indicated that the PLA should evolve toward the same system.

After ten years of emphasizing training and education, an elite few middle and high-ranking officers are receiving excellent educations, not only in PLA schools, but also in foreign military academies. However, in November, 1988, *Liberation Army News* reported that most officers, and virtually all soldiers, had lost interest in studying science, culture and military affairs. "The diploma craze has cooled down" and formal academic knowledge has been eclipsed by engaging in trade for profit, even by army men.

The status of military service may continue to decline, particularly if the economy prospers. The young men most anxious to volunteer for military service will continue to be poor peasants from very backward areas, precisely the recruits the PLA needs least. Uneducated peasants make fine light infantrymen, but for all other positions, the military needs those least likely to volunteer—the well educated and the technically competent.

## INDUSTRY AND THE ARMS TRADE

China continues to market its F-7M Airguard, a modified MiG-21 Fishbed with British avionics. The standard F-7 has already been exported to a number of countries. In 1987-1988, Pakistan purchased over 100 F-7M's (called F-7P). The Grumman Aircraft Corporation of the United States and the Chengdu Aircraft Corporation have signed a joint export venture to develop a further upgraded F-7 called "Super-7."<sup>10</sup>

Pakistan has initiated a tri-national project to modernize the A-5 Fantan fighter-bomber, using Italian avionics to create the A-5M. In July, 1987, Alitalia contracted to build two prototypes. Two have crashed, delaying the program. The one crash the Chinese have admitted (in October, 1988) was attributed to "human error." A similar 1987 contract with France's Thomson CSF resulted in two prototypes of the A-5K, also in flight testing. The aircraft is reportedly intended for service with both the PLA air force and the navy, as well as with the Pakistani air force. The Chinese are also helping Pakistan produce its own military arms, including a new 800-kilometer range nuclear-capable missile.<sup>11</sup>

(Continued on page 291)

<sup>9</sup>*Xinhua Domestic Service*, June 25, 1988, translated in FBIS, 88-123, p. 31.

<sup>10</sup>*Jane's Defense Weekly* (cited as *Jane's*), November 28, 1987, p. 1248; August 13, 1988, p. 248; November 13, 1988, p. 1261; and October 22, 1988, p. 1004.

<sup>11</sup>*Jane's*, June 4, 1988, p. 298; and February 25, 1989, p. 298.

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Harlan W. Jencks has written extensively on international security affairs in Asia. He specializes in Chinese military affairs and has contributed to the 1988 and 1989 editions of the *SCPS Yearbook on PLA Affairs* (Kaohsiung, Taiwan: National Sun Yat-sen University, Sun Yat-sen Center for Policy Studies).



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*"Inflation began to accelerate at the end of 1987, and by mid-1988 it was raging out of control. . . . The result was profound discontent, which provoked a change in political leadership, a mood of popular restiveness that fed the protests of spring, 1989, and a fundamental change in China's economic reform strategy."*

# Inflation and Economic Reform in China

BY BARRY NAUGHTON

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CHINA stumbled into an economic crisis during 1988 that prepared the way for a more profound political and social crisis in 1989. The economic crisis can be summed up in a single word: inflation. Accelerating inflation was exacerbated at midyear by a mishandled attempt at price reform touched off by a pronouncement from China's de facto leader Deng Xiaoping. By September, 1988, discontent with inflation among the central leadership was intensified by the news that the year's harvest would be mediocre.

In an atmosphere of crisis, a new group took over the management of the economy and drastically shifted the direction of economic policy. This new group was headed by Prime Minister Li Peng, but the key voice in economic policy-making was that of Deputy Prime Minister Yao Yilin, a veteran planner who had been in charge of economic policy in the early 1980's. The new leadership group was brought to power by the perception within ruling circles that the policies of General Secretary Zhao Ziyang—a key reformer—had led to economic chaos. The new leaders had little popular support and no particular claim to legitimacy: as of June, 1989, this group appeared to be leading China into a period of repression and heightened social conflict that will require years to heal.

It may seem strange that a bout of inflation would be sufficient to bring China to a state of economic crisis. It could be argued that inflation has been a problem in China for the past few years, and that many countries have learned to live with inflation higher than that which China has experienced. Moreover, China's economic growth was very rapid during 1988: official figures show gross domestic product growing by 11.2 percent, after correction for inflation. Industrial output grew at the even more rapid rate of 20.7 percent. Exports rose 20

percent, and China nearly eliminated its trade deficit by mid-1988, although trade policy shifted toward the end of the year. Industrial output of foreign joint ventures nearly doubled (though they still account for only 3 percent of China's industrial output). Only in the agricultural sector did growth lag. Grain production fell 2 percent to 394 million metric tons, quite a bit short of 1984's record 407 million tons, and overall agricultural output (including livestock and fisheries) grew only 3.2 percent.<sup>1</sup> Why then did inflation lead to such a crisis in 1988?

It is sometimes said that the Chinese have a psychological aversion to inflation, born of past experience. There is some truth to this claim: China has alternated between long periods of price stability and traumatic periods of inflation, including the hyperinflation experienced under the Kuomintang before 1949, and that of 1961-1962, following the disastrous collapse of the Great Leap Forward. As a result, inflation is strongly associated with economic instability and disorder.

But there are also real economic reasons for the aversion to inflation. A large proportion of China's urban dwellers live on fixed incomes; as state employees, their wages can be increased only by a cumbersome process of administrative adjustment. Since this adjustment rarely comes quickly enough, these workers suffer declines in their real income when there is serious inflation. China's household surveys reveal that on average 35 percent of urban dwellers experienced declining real incomes in 1988, but because inflation was accelerating in the second half of the year, a much larger proportion of households had experienced reduced real income by the end of the year.<sup>2</sup> Most urban dwellers were worse off at the end of the year than they had been at the beginning.

Inflation was critical in 1988 because it affected the entire strategy of economic reform that China is following in the 1980's. That strategy can be termed a "dual-track" program, in which markets are allowed to grow while the controlled economy contin-

<sup>1</sup>Official statistics on China's economy, unless otherwise noted, are from "Statistical Report on National Economic and Social Development in 1988," in *Renmin ribao* (People's Daily), March 1, 1989, p. 2.

<sup>2</sup>"Statistical Bureau Releases Annual Economic Report," *Renmin ribao*, March 1, 1989, p. 1.

ues to operate. Free market prices coexist with state-set prices: indeed, in most cases a single item will have a state-set price and a higher market price, depending on the conditions of sale. This strategy had the benefit of quickly introducing market forces into the Chinese economy, but it was founded on the premise that eventually state-set prices could be adjusted (or eliminated) to bring them into line with market prices. Instead, because of the growth of inflationary pressures, market prices began to diverge more and more from state-set prices, and relative prices became increasingly irrational.

Because the dual-track strategy did not seem to be leading to a qualitatively different type of economic system, some of its other defects became increasingly obvious. The first of these was the problem of corruption. Corruption is built into the dual-track system, because of the existence of two prices for a single good. Someone in a position of power can benefit personally if he gains access to an item at the low state-set price and then resells it at the higher market price. This practice (called *guan-dao* in Chinese) has become increasingly prevalent and increasingly corrosive in recent years.<sup>3</sup> The dual-track system also implies the acceptance of numerous rigidities in the economy for a protracted period. As a result, curing inflation—a costly process in any economy—is especially difficult and causes a large loss of production. While a deflationary policy may cause reductions in the rate of increase of market prices, the portion of the economy under state-set prices can respond to reductions in demand only by cutting output. Therefore, once inflation gets out of hand, it is especially costly to bring it under control. For all these reasons, the emergence of inflation in 1988 signaled the unraveling of the economic reform strategy that had been followed during the 1980's.

In addition, inflation in 1988 was of a different order of magnitude from previous inflation. For several years, inflation had been proclaimed the primary danger to China's reform process and, potentially, the greatest source of political discontent. Increases in consumer prices have been significant since 1985, when the urban cost of living index increased by 11.9 percent. Inflation has been a constant presence since, though the rate was held to around 8 percent in both 1986 and 1987. But in

spite of the discomfort that the reemergence of inflation had caused in those years, the rate of increase was tolerable because incomes in urban and rural areas continued to rise far more quickly than prices. Moreover, some of the inflation during those years actually reflected planned adjustment of prices, for which urban dwellers were fully compensated by wage increases. Because the price increases were planned in advance, the required wage adjustments could be made in a timely fashion. Inflation was primarily a nuisance, a suitable topic for popular grumbling. But basically, it was a problem that was under control.

In contrast, inflation began to accelerate at the end of 1987, and by mid-1988 it was raging out of control. In each successive month the rate of inflation accelerated, until by November, 1988, the urban cost of living index was fully 30 percent higher than it had been a year earlier, and for a few months in the summer prices were actually rising at an annual rate above 80 percent.<sup>4</sup> It was impossible for China's unwieldy bureaucratic system to compensate state employees for an inflation of this magnitude. The result was profound discontent, which provoked a change in political leadership, a mood of popular restiveness that fed the protests of spring, 1989, and a fundamental change in China's economic reform strategy.

## STRUCTURAL PROBLEMS

China's economy was overheating by the end of 1987. Very high industrial growth rates were being sustained by the rapid creation of bank credit. Credit extended from the state banking system had been growing at annual rates of 20–25 percent since mid-1986, substantially faster than the growth of total output. Although industrial expansion created a supply of new goods, the growth of credit created even more purchasing power. Moreover, increases in supply did not come in a balanced, across-the-board fashion. As a result, shortages intensified in crucial sectors, pushing up prices rapidly.

Two bottlenecks are of special importance, and both have been major problems in the Chinese economy for many years. The first bottleneck is the supply of basic infrastructure services, in particular, energy supply and transportation. While industry as a whole was growing at a rate of 18–20 percent in 1987 and 1988, total energy supplies increased only by 5.2 percent in 1987 and 4.2 percent in 1988. Total freight transported increased 9.2 percent in 1987 and 5.1 percent in 1988. Industry could grow faster than energy supplies because of the increased production of high-value consumer durables, which require less energy to produce. These have been the fastest growing sectors of Chinese industry. The production of color televisions

<sup>3</sup>Two-thirds of the corruption cases uncovered in Wuhan during 1988 were of this type. "Wuhan has uncovered over 100 cases of profiteering from production goods," *Jingji ribao* (Economic Daily), October 5, 1989, p. 1.

<sup>4</sup>Monthly price indexes are given in successive issues of *China Statistics Monthly*, published in Chicago jointly by the China Statistical Information and Consultancy Service Center and the University of Illinois at Chicago. Chinese sources give only the increase in the price level relative to the price level a year earlier; month-to-month increases are rough calculations.

and washing machines each surpassed 10 million units in 1988; and the output of refrigerators increased a staggering 84 percent to reach 7.4 million units in 1988.

Moreover, moderate gains in energy efficiency have been achieved even in high-energy consumption sectors like steel (which grew 7 percent in 1988). Nevertheless, there are limits to the rate at which general industrial growth can exceed the growth of energy supplies, and those limits were clearly being reached by late 1987. This created upward price pressures on energy sources sold on the market and pushed up the prices of other heavy industrial products in great demand, like finished steel products.

The energy problem also intensified inflationary pressures indirectly. Even though the market price of energy and other raw materials was being pushed upward, these items remained relatively low-profit, and producing these heavy industrial products requires large, expensive factories with complex technologies. But much of the control over investment in the 1980's has been decentralized to local governments and individual enterprises. The money these local bodies control, while significant in the aggregate, is generally provided by many small funding sources. Much of this money is invested in the production of light industrial products and consumer goods that are highly profitable and require much less capital than big infrastructure projects. Rapidly growing rural industries display a similar development structure. In response to this investment pattern at the local level, the central government has been increasing its investment in large-scale energy and transport projects. But the central government has suffered a major reduction in its revenue base over the past several years and cannot fund these projects from its own revenues: as a result, it has turned to the banking system, requiring banks to create new credit to fund these projects. In the long run, this maneuver increases energy supplies and allows the economy to maintain high growth rates. But in the short run, the additional bank credit extended for central government projects exacerbates the problem of excess demand.

The second bottleneck sector is agriculture. Agriculture was the great success story of the first phase of reforms. The growth rate of agricultural production doubled after 1978, and culminated in the remarkable bumper harvest of 1984. Since 1984, however, crop production has grown slowly and

grain production has never surpassed the record 1984 levels. Reforms in agriculture have also progressed unevenly since 1984. A major attempt was made to eliminate compulsory procurement of staple goods—grain, edible oils and cotton—and replace them with a system of market-based contracts. However, under the pressure of increasing demand and slow production growth, the contracts gradually became compulsory, and the reform failed to put procurement on a market basis.

Moreover, rising prices for industrial inputs combined with smaller increases in staple crop prices have meant that crop production is relatively unprofitable for rural households, which have been reluctant to devote large amounts of investment and household labor to this end.<sup>5</sup> At the same time, most nonstaple foods—meat, poultry, eggs and vegetables—are now supplied to city-dwellers primarily via free markets by peasants living in the suburban areas of the major cities. As income levels have risen over the past several years, the demand for a better diet, less dependent on grains, has led to rapidly increasing demand for these items.<sup>6</sup> However, the suburban areas that supply these foods are the sites of the most rapidly growing sectors of the Chinese economy—rural industry and construction. Peasants living in these areas have been drawn into more lucrative pursuits in occupations previously reserved for the urban population, and have devoted less labor to the production of food products. Since they also consume more as a result of higher incomes, deliveries of these food items to the cities have grown very slowly. In the long run, this process is healthy: vegetable growing should shift to a more distant “ring,” providing new opportunities for a different group of peasants. However, this takes time, especially given an underdeveloped commercial network and the rigidities in the Chinese land-use system. The combination of rapidly growing demand and sluggish supply response created rapid price increases: urban farm market prices were already increasing at an annual rate of 20 percent at the beginning of 1988.

These fundamental structural problems underlie the emergence of inflation in China. While the expansion of credit was pumping resources into manufacturing, the production of energy, transport and agricultural goods was starved for resources. Market forces were not yet strong enough to equalize rates of return in different sectors, but they were sufficiently strong to allow excess demand to be expressed as open inflation. Structural imbalances were also reflected in a further built-in imbalance. As the government authorities tried to protect households and inefficient enterprises from the impact of inflation, they increased the volume of subsidies. At the same time, the central government

<sup>5</sup>Terry Sicular, “Agricultural Planning and Pricing in the Post-Mao Period,” *China Quarterly*, no. 116 (December, 1988), pp. 671–705.

<sup>6</sup>That is, these goods are characterized by a high income elasticity of demand at China's current level of per capita income.



stepped up its investment in large-scale projects in energy and transportation.

With revenues growing slowly, these activities led to a large budget deficit. Official Chinese figures show only a modest budget deficit, because most central investment projects are not included as outlays and borrowing is included as revenue. But when an adjustment is made for these two factors, the true budget deficit amounts to 6 percent of gross domestic product and is increasing. By international standards, this is a relatively large deficit, and attempts to reduce the deficit have repeatedly failed.

## ECONOMIC POLICY IN 1988

Inflationary problems were already apparent to economic policy-makers by late 1987. During the last quarter of 1987, a policy of "dual contraction" was announced; growth of bank loans was to be slowed and the budgetary deficit was to be reduced. In practice, the focus of the policy was the banking system, which announced a set of policies to restrict credit.<sup>7</sup> Moderate targets for output growth were set for 1988 as well. However, this policy of economic restraint was not carried through. For reasons that remain unclear, the "dual contraction" policy was abandoned, and disappeared without mention after February, 1988. Credit resumed its pattern of rapid growth, and inflationary pressures began to be translated into higher open inflation rates. This was the first policy mistake of 1988.

In May, events related to administrative price reforms began to affect the population. First, government prices of pork, sugar, eggs and vegetables were increased, leading to a discreet jump in the consumer price level of about 5 percent. In this case, wages were raised simultaneously to compensate the population. Second, in mid-May, Deng Xiaoping, meeting with a Korean visitor, declared that China should be bold in undertaking price reform. It was better to undergo short-term disruption, Deng said, than suffer the prolonged difficulties brought on by irrational prices. By the end of May, the leadership had formally adopted a policy calling for major immediate price reforms, but had not determined what form they would take. The propaganda apparatus was gradually cranked into action, preparing the population for future price reforms and promising the people that their incomes would increase enough to offset rising prices.

<sup>7</sup>See Zhou Zhengqing, "Reduce the Volume of Credit and Adjust the Structure of Lending," *Zhongguo jinrong* (China Finance), no. 12 (1987), pp. 15-17.

<sup>8</sup>Wu Jinglian, Hu Ji and Zhang Junkuo, "Examining the Environment for Price Reform from the Standpoint of Economic Conditions in the First Half of 1988," in Wu Jinglian and Hu Ji, eds., *Zhongguo jingji de Dongtai Fenxi he Duice Yanjiu* (Dynamic Analysis and Study of Countermeasures in the Chinese Economy) (Beijing: People's University, 1988), pp. 209-216.

This was the second major policy mistake of 1988. The combination of price increases and proclamations of coming unspecified price reforms confirmed inflationary expectations. Households were being told that the value of their money holdings would depreciate rapidly but that they would be compensated for this by higher incomes. Naturally, households responded by trying to reduce their depreciating savings and increasing their purchases of goods instead. People withdrew their money from the banks and rushed to buy available consumer goods. This behavior, often called "panic buying," is really a rational response to the circumstances. The surge of purchasing quickly pushed inflation to new heights.

At the same time, enterprises that had long faced price controls on much of their output believed that price restrictions were being relaxed. They began to jockey for advantage in the coming price reform by raising their prices and passing along the increased costs of inputs, while at the same time they were trying to compensate their workers through increased bonuses for the price rises that had already taken place. During the summer, these events brought the inflationary crisis to a climax.

The price reform policies of 1988 were severely mishandled. To begin with, an environment of accumulating inflationary pressures is the worst possible environment for price reforms, because any loosening of price restrictions will automatically be translated into inflation. Moreover, price increases should not be announced in advance, because this will always prompt households to try to evade the impact of the price changes. In China, even some economists who consistently advocated price reform warned that to proceed at that time would be dangerous.<sup>8</sup>

In September, 1988, a major shift in economic policy occurred. Party and government leaders met at Beidaihe during August in an attempt to hammer out a price reform package. But this was precisely the time when inflation accelerated to its peak rates, and residents began a run on the banks. Opposition to any price reform package grew as inflation accelerated, and leaders returned from Beidaihe with the price reform program in a shambles. At a central work conference in Beijing running from September 15 through 21, a whole new policy was developed. For the remainder of the year—and for all

(Continued on page 289)

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*"... the People's Republic of China has had a rather checkered experience with the rule of law and the provision of guarantees of basic human rights to the Chinese people. ... As the events in Tiananmen and the ensuing crackdown demonstrate, the status of law is still problematic."*

## Human Rights in China

BY JAMES V. FEINERMAN

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A DECADE of seeming progress toward the rule of law and greater respect for individual civil and political rights in the People's Republic of China was reversed overnight in the bloody massacre in Tiananmen Square during the early morning of June 4, 1989. Impelled by student-led demonstrations calling for—among other things—greater democracy, the sclerotic Chinese leadership finally unleashed a deliberately vicious assault by over 10,000 soldiers of China's People's Liberation Army on the demonstrators still left in Beijing's center. The peaceful call of the unarmed masses who had crowded Tiananmen Square for six weeks was answered with a hail of bullets and wave after wave of tanks. All accounts from objective observers maintained that hundreds were killed and thousands were wounded in the carnage. Ominously and after the fact, the prodemocracy demonstrators were accused of having been "counterrevolutionaries."<sup>1</sup>

The universal reaction of shock and outrage at the Chinese government's actions has highlighted the decade-long evolution of China's reputation in the area of human rights. Before the emergence of Deng Xiaoping as the de facto leader of the People's Republic of China in the late 1970's and the political and economic reforms that followed, a harsh crackdown on dissent would not have surprised any China specialist; severe repression and widespread violation of internationally accepted norms of human rights were expected of China. Over the past decade, however, a "new China" seemed to

promise greater enjoyment of individual freedom and political reforms that would remove the heavy hand of the Communist party from much of daily life. In the light of China's history, a remarkable degree of tolerance for public disagreement with authority seemed to be developing.<sup>2</sup>

Those who have closely followed the course of human rights development in China were not completely surprised by the events of May and June, even if they were taken aback by their severity. Indeed, professional human rights monitoring organizations, like Amnesty International, have long been critical of China's failure to adhere to minimally acceptable international standards of human rights.<sup>3</sup>

Amnesty International and similar critics of Chinese human rights practices have endured strident denunciation by Chinese government spokesmen for their pains. Yet, because of their efforts, outsiders have been aware of China's excessive use of the death penalty in criminal cases, of the prevalence of torture and ill-treatment of prisoners and of other denials to Chinese citizens of rights guaranteed them under China's own constitution. Notwithstanding these reports, many foreign observers believed that, overall, the human rights situation had improved greatly—at least until the Tiananmen Massacre forced reconsideration.

Since its founding in 1949, the People's Republic of China has had a rather checkered experience with the rule of law and the provision of guarantees of basic human rights to the Chinese people. Although successive constitutions—four since the constitution of 1954—have all contained long sections detailing the constitutional rights of Chinese citizens, these rights were effectively abrogated for almost every segment of China's population from 1957 until 1978. Even during those rare periods when greater attention was given to legality and individual rights, like the mid-1950's and the most recent decade under Deng Xiaoping's rule, certain protections are not always extended to every citizen. Democratic activists of the Beijing Spring of

<sup>1</sup>See Sheryl WuDunn, "Giving the Official Spin: 6 Scenes on Chinese TV," *The New York Times*, June 15, 1989.

<sup>2</sup>For a masterful summary of the history, see Andrew J. Nathan, *Chinese Democracy* (Berkeley and Los Angeles: University of California Press, 1986).

<sup>3</sup>See Amnesty International, *China: Torture and Ill-Treatment of Prisoners* (New York: Amnesty International Publications, 1987). Amnesty International, *People's Republic of China, The Death Penalty in China* (London: Amnesty International, 1989) updates a report on death penalty use in China contained in Amnesty International, *China: Violations of Human Rights* (London: Amnesty International Publications, 1984).

1978-1979, who were led to believe that the renunciation of the Cultural Revolution permitted them to speak freely and to publish views critical of the government are serving long prison sentences.<sup>4</sup>

On the other hand, the personal experiences of millions of Chinese, including those now at the apex of party and state leadership, have greatly heightened popular consciousness of rights and of the need to establish remedies for their violation. The aftermath of the Tiananmen Massacre will no doubt provide similar impetus for a new generation to push—when it is once again safe to do so—for rights-protective legislation. Yet as the events in Tiananmen and the ensuing crackdown demonstrate, the status of law is still problematic.

Critics of human rights abuses in China have been accused by domestic and foreign observers of applying the standard of human rights produced by centuries of Western historical development to a culture that claims that this standard is alien. For example, the official response to Amnesty International's criticism of China's use of torture and the death penalty has been that Amnesty International does not comprehend Chinese societal realities; the implication, of course, is that no Chinese citizen would be similarly critical of such practices.<sup>5</sup> Foreigners, too, have claimed that human rights are a Western concept irrelevant to China or that the collective nature of Chinese society rejects the exaggerated respect for individual rights that characterizes current human rights discourse.

A prime example is the dismissive tone that dominates John King Fairbank's book of collected articles, *China Watch*, wherein the dean of American China scholars denounces the "new American religion of human rights" as inappropriate for China.<sup>6</sup> Only a very few intrepid sinologists have criticized this rhetoric of the "Chinese difference" as redolent of the racist attitudes of the nineteenth century.<sup>7</sup>

In historical context, traditional China provided little formal legality to protect ordinary citizens; nor did it promote individual rights. State Confucianism and traditional hierarchy stressed obedience to authority and the sacrifice of individual good for the common welfare. Nonetheless, as the demonstra-

tions of May and the martyrs of June have testified, China has reached a point where it must grapple with the problems of extending and protecting universally acknowledged basic civil and political rights to its citizens.

## CONSTITUTIONAL RIGHTS

The principal source of rights in China remains the constitution promulgated in 1982. The fourth state constitution to be enacted in less than 30 years, it is an object of considerable curiosity to Western constitutionalists; clearly it is not what the Western liberal tradition would recognize as a constitution. As legal authority Jerome Cohen has observed,

it is a formalization of existing power configurations rather than an authentic institutional framework for adjusting relations among political forces that compete for power.<sup>8</sup>

In addition to that basic observation, Cohen and others have noted that there was still a gap between constitutionally guaranteed rights and social reality in China long after the adoption of the constitution of 1954.

The language of the rights provisions in the Chinese constitution is a matter of some interest. These articles, all contained in Chapter Two, "The Fundamental Rights and Duties of Citizens," are phrased in an inclusive, descriptive manner that states that "Citizens of the People's Republic of China enjoy . . ." whatever right is specified. Compared with the formulations like that of the United States constitution's First Amendment, which states that "Congress shall make no law abridging . . ." the enumerated freedoms of expression, the provisions of the Chinese constitution are less restrictive of government action and, thus, less protective of individual liberties.

The inability of Chinese citizens who suffer grievous infringements of their constitutional rights to achieve redress raises immediate questions about the seriousness of the Chinese government's commitment to constitutional rule. Although it may be argued that circumstances have changed since the 1950's and 1960's, this flaw persists in the most recent constitution. The labeling of the prodemocracy protesters as "counterrevolutionary" makes it unlikely that any person injured by recent acts of the People's Liberation Army would attempt to enforce his or her rights, unless the top leadership or its current line changes.

Under the 1982 constitution, the interpretation and enforcement of constitutional rights is left to the National People's Congress (the nominal Chinese legislature) and its Standing Committee. Yet these bodies are not in constant session; in fact, the Congress meets rarely, and even the Standing Commit-

<sup>4</sup>Fox Butterfield, "Leading Chinese Dissident Gets 15-Year Prison Term," *The New York Times*, October 17, 1979, p. 12.

<sup>5</sup>See "PRC Rejects Amnesty International Appeal on Executions," reported in Foreign Broadcast Information Service, *China Daily Report* (hereafter, FBIS), November 3, 1983, p. A1.

<sup>6</sup>John King Fairbank, *China Watch* (Cambridge, Mass.: Harvard University Press, 1986).

<sup>7</sup>For example, Simon Leys, *The Burning Forest: Essays on Chinese Culture and Politics* (New York: Henry Holt, 1986). Also, Merle Goldman, "Human Rights and the People's Republic of China," in *Daedalus*, vol. 112, no. 4 (Fall, 1983), pp. 111-138.

<sup>8</sup>Jerome Alan Cohen, "China's Changing Constitution," in *China Quarterly*, no. 76 (December, 1978), pp. 794-841.



tee meets only sporadically. In most democratic societies, these institutions would be important and would have time-consuming legislative responsibilities; in China, they do not. During the recent leadership crisis, they were not even convened; to date, there is no record of their intervention or independent action to protect constitutional rights.<sup>9</sup> Unless the Chinese judiciary or some other state organ can serve this function, the constitutionally enumerated rights will remain ciphers.

Assuming that the difficulty in enforcing rights does not illustrate a basic intention on the part of the Chinese government to undercut the very existence of rights, what can be said about the current situation for human rights in China? At the outset, in Article 33, the constitution makes it clear that only citizens (those holding Chinese nationality) enjoy rights under the Chinese constitution. In addition, the enjoyment of rights is predicated on the performance of corresponding duties, some of which are described in specific articles (the right to a job is coupled with the duty to work in Article 42). Thus, a common tactic is to deprive particular enemies of the leadership of their citizenship and, correspondingly, their political rights.

Articles 34 through 40 of the constitution detail the civil and political rights of Chinese citizens in terms familiar to any student of constitutionalism: freedom to vote and to stand for election, freedom of speech, freedom of the press, freedom of assembly and association, freedom to practice religion, freedom from unauthorized searches (of the person or the home), freedom from unlawful arrest or deprivation of liberty and freedom from interference with correspondence. These rights are similar, and their description is similar, to those contained in the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights.

Despite China's reluctance to subscribe to these international documents, the close correspondence of their terms with the provisions of the Chinese constitution exhibits considerable familiarity with international standards and state practices. More problematic is the question of the enjoyment of these freedoms as a matter of fact by the widest possible range of Chinese citizens. Until early 1989,

most observers would agree that from a rights-protective perspective, the situation in China had improved considerably in recent years but that there were still areas where further improvement would have been desirable.

Freedom of the person was one area where developments after the end of the Cultural Revolution supposedly had heartened many Chinese. During the past decade, arbitrary arrest, illegal searches and other indignities had declined markedly; some were nonetheless concerned that they had not altogether disappeared. Since mid-April of 1989, however, it has become apparent that while overt abuses may have lessened over the years since 1978, covert surveillance has never ceased. Student leaders of the prodemocracy demonstrations were followed, videotaped and generally spied on by Chinese state security operatives during the spring. Since the massacre, they and their family members, friends and roommates have endured arrest and detention, warrantless searches and other abuses.

Once arrested, those recently accused of counter-revolution in connection with the student demonstrations have been denied the bare modicum of fair process. Identified even before their arrest or detention as "guilty," they were paraded through city streets, heads shaven, wearing placards around their necks that identified their alleged crimes.<sup>10</sup>

Before the crackdown, the most that could be said in a positive vein about freedom of expression, association and religion in China was that Chinese citizens who did not test the limits of those freedoms would probably find the existing constitutional provisions adequate. Even now, notwithstanding the resurgence of Marxist orthodoxy, there remains a greater degree of tolerance for private beliefs than there was during any previous period in the history of the People's Republic. Religious practices that do not threaten to extend beyond a tiny minority of believers are allowed; churches and temples that had been closed for decades have been restored as places of worship.

As has been so dramatically illustrated, speech and assembly had been more restrictively "liberated" since the Cultural Revolution; in fact, the events of 1989 may have led to a low ebb in the post-Cultural Revolution loosening of the restrictions on free speech. This latest period of harsh repression repeats a familiar pattern; brief interludes of relative outspokenness are followed by campaigns to curtail criticism and punish those who expressed themselves too candidly.

Thus, the burst of free expression after the "smashing" of the Gang of Four, culminating in the Beijing Spring and Democracy Wall of 1978-1979, ended with many arrests, the show trial of Wei Jingsheng and the closing of Democracy Wall.<sup>11</sup>

<sup>9</sup>Initial reports indicated that Wan Li, the chairman of the Standing Committee of the National People's Congress (the inner circle of China's legislature), was cutting short his visit to North America in mid-May to return to deal with the crisis. However, on his return to China, he was diverted to Shanghai, ostensibly for "medical treatment." He did not reemerge until after the massacre.

<sup>10</sup>See WuDunn, op. cit.

<sup>11</sup>See James C. Hsiung, ed., *Symposium: The Trial of the "Gang of Four" and Its Implication in China* (Baltimore: University of Maryland School of Law, 1981).

Over the past decade, campaigns against "spiritual pollution" in 1983-1984 and "bourgeois liberalization" in 1986-1987 have periodically reinforced the government's discomfort with too much free expression; these episodic repressive outbursts were used to "kill the chicken to scare the monkey"—i.e., to give the intended targets the message that they must keep their criticisms within narrow, acceptable limits or risk the consequences.

Until the past few months, personal privacy seemed to have fared relatively well under the 1982 constitution, in no small part because of the revulsion of most Chinese citizens toward the behavior of the Red Guards during the Cultural Revolution. An individual's correspondence and residence were supposed to be inviolable, under Articles 39 and 40 of the constitution. In academic journals, interesting theoretical discussions centered on the nature of private papers, like diaries, which were used to convict many of those charged with crimes during the Cultural Revolution, despite the fact that their authors never publicized their writings. The weight of legal opinion today is that an individual's private thoughts and writings, until disseminated, deserve the utmost protection.<sup>12</sup>

Perhaps the most obvious casualty of the Tiananmen Massacre was the grant, in Article 35 of the 1982 constitution, of freedom of assembly, of procession and of demonstration. By opening fire on Chinese citizens demonstrating peacefully, Chinese military forces acting under government orders clearly violated these rights. At the same time, they violated Article 41 of the constitution, which grants citizens the right to criticize and to make suggestions to any state organ or functionary, as well as to complain about violations of law or dereliction of duty by state functionaries.

Collective limits on the enjoyment of individual rights present a difficult hurdle for those elements of Chinese society striving to enhance the status of the

<sup>12</sup>See Criminal Research Group, Law Institute, Chinese Academy of Social Sciences, "Lectures on the Criminal Law," in *Chinese Law and Government*, vol. 13, no. 2 (Summer, 1980), pp. 38-45.

<sup>13</sup>Article 89, paragraph 16, of the 1982 Constitution states that the State Council must decide on the imposition of martial law for a part of a province, autonomous region or city directly administered by the central government (i.e., Beijing, Shanghai or Tianjin); Article 67, paragraph 20, of the Constitution requires a decision by the Standing Committee of the National People's Congress for imposition of martial law on the whole country or the entirety of any political subdivision mentioned in Article 89, paragraph 16. Doubtless, the Chinese leadership would claim that action by the State Council alone sufficed, because martial law was declared only in certain areas of Beijing Municipality.

<sup>14</sup>For example, the branding of the accused as criminals even before trial, the hanging of placards around the necks of the accused and parading them through city streets. See *The New York Times*, June 16, 1989.

individual and individual liberties. Unequivocally, Article 51 circumscribes the extent of an individual's exercise of rights; it also leaves vague the process for determining the balancing of interests. Any assertion of a competing nonindividual interest may be enough to restrict individual freedom; how conflicting individual exercise of rights should be resolved is nowhere determined.

Even before the events of April, May and June, 1989, the burden was on the individual to stay within narrow bounds rather than to risk confrontation. Now it seems clear that the state always retains the power to brand any assertion of individual rights as a "counterrevolutionary act" ex post facto, should such assertion ultimately prove threatening to government or party prerogatives. The chilling effects of such a possibility are obvious.

Martial law (which was initially declared in an attempt to face down the student demonstrators and was ultimately effected with devastating cruelty) and its aftermath have presented the greatest single challenge to human rights in China since the Cultural Revolution. It can be argued that constitutionally mandated procedures for the imposition of martial law may not have been followed, especially because different paths must be pursued to declare martial law for the entirety, as opposed to part, of a centrally governed municipality like Beijing.<sup>13</sup> The victory of the hard-line faction made it clear that any legal insufficiency could have been cured easily by subsequent government action, but the lapse of legality is telling.

Potentially more dangerous is the uncertainty about the applicability of constitutional and other legal protections during a period of martial law to those charged with violations of the law. Do they lose their rights as citizens (as did those who were categorized as "enemies" under the Maoist formulation of the Cultural Revolution period) and become liable to long-term warrantless detention or even summary execution? The early indications are ominous and threaten a significant setback to the decade of progress China had made toward formal legality.<sup>14</sup>

The reappearance of the term "counterrevolution" in connection with those arrested augurs a reversion to Cultural Revolution norms of criminal law and procedure. Despite a codified definition of

(Continued on page 293)

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*"Significant achievements in [China's] environmental policy are being swamped by the population tide and the quest for higher prosperity. . . . the huge transfer of humanity from fields to factories cannot be accomplished without extensive environmental destruction."*

# China's Environmental Morass

BY VACLAV SMIL

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A wave of environmental fear has been washing over the Western world during the past two years. As the rich populations of Europe and North America worry about Alar-sprayed apples and leaky radioactive dumps, world leaders like Canadian Prime Minister Brian Mulroney and British Prime Minister Margaret Thatcher have taken to delivering green pledges. Captivating descriptions of the greenhouse effect and the Antarctic ozone hole have entered political argot alongside the tongue-twisting chlorofluorocarbons and polychlorinated biphenyls. These are the apprehensions of affluence: some are certainly justified; many are based on tenuous inferences; and most are exaggerated by sensationalizing media.

In China, the world's most populous nation, environmental concerns have been overshadowed by the creeping troubles of an increasingly disjointed economy and then, later, by the events of spring, 1989. And yet there can be little doubt that, in the coming years, the particulars of sociopolitical arrangement will be less important in determining China's fate than the country's treatment of its badly deteriorating environment. Of course, one can hope for the eventual transition from one-party dictatorship to genuine democracy — but this evolution may bring little relief to China's environmental ills.

The record of environmental mismanagement in developed nations offers abundant proof for this conclusion; in addition, China's peculiarities will complicate even the best formulated, generously financed and appropriately radical attempts at improvement. These complications are not difficult to

discern and recent Chinese statistics and publications offer fairly accurate quantitative illustrations.<sup>1</sup> But both the qualitative descriptions and the arrays of numbers are so stunning, so far removed from the experience of the rich world's two affluent post-World War II generations, that they must be absorbed again and again before the true magnitude of the constraints and challenges facing China becomes apparent.<sup>2</sup>

Population growth is the obvious variable. China's successful post-1972 population control program lowered the birthrate from 3.06 percent in 1971 to 1.78 percent by 1979. But a more relaxed social milieu (especially in the countryside, with its return to private farming and, in many regions, with rapid income gains) and the entry of the large pre-1970 cohort into the marriageable-age group (birthrates between 1962 and 1971 averaged over 3.5 percent) has led to a higher number of births (the mean for the years 1980–1988 was 1.96 percent) and has brought China's most recent population increases to more than 1.4 percent, or just over 15 million people a year.

This total is equivalent to adding a population the size of the Netherlands each year, an Argentina every two years, a West Germany every four years — continuation of this growth rate would enlarge China's population by 185 million during the 11 years remaining in this century. The enormity of the environmental onslaught implicit in accommodating these huge numbers becomes even more staggering considering the already prevailing resource constraints: shortages of water, farmland, forests and energy.

Including the underground flow of more than 0.5 trillion cubic meters of water, China's total annual runoff equals about 2.6 trillion cubic meters, prorating to less than 2,400 cubic meters per capita. Even if all this water could be used — an impossible feat — individual Chinese would still have less water than the average American. In 20 years, this unachievable per capita maximum will decline by at least 20 percent. Merely to maintain the current usage (one-sixth of America's, one-fourth of Europe's average rate), the Chinese will have to adopt

<sup>1</sup>Several recent publications have taken advantage of the unprecedented availability of environmental information to offer general or sectoral reviews of Chinese problems. The two general surveys are Vaclav Smil, *The Bad Earth: Environmental Degradation in China* (Armonk, N.Y.: M.E. Sharpe, 1984) and Lester Ross, *Environmental Policy in China* (Bloomington, Ind.: Indiana University Press, 1986).

<sup>2</sup>National statistics are taken from the two official sources: China State Statistical Bureau, *Zhongguo tongji nianjian* (China Statistical Yearbook) (Beijing: China's Statistical Publishing, 1980) and from Agricultural Yearbook Editing Committee, *Zhongguo nongye nianjian* (China's Agricultural Yearbook) (Beijing: Agricultural Publishing, 1980).



an unprecedented combination of conservation and long-distance water transfers.

The post-1979 return to privatized farming has led to the highest level of food production in China's history, but this performance rests on the steadily intensifying use of the continuously diminishing amount of farmland.<sup>3</sup> Official Chinese statistics indicate that in 1988 farmland available per capita was a mere 875 square meters: even densely inhabited Bangladesh has a slightly higher per capita share. Among the world's populous nations, only desert-bound Egypt has less cultivated land (about 600 square meters per capita)—but Egypt can balance a large part of its grain demand by imports.<sup>4</sup> In contrast, for China it is inconceivable to use grain imports for more than just marginal relief. Consequently, feeding more than one-fifth of humanity from a mere one-fifteenth of the world's arable land remains China's most challenging task.

A comparison of global forest resources shows that only Saharan and Sahelian countries and a score of small island nations have a smaller per capita endowment than China.<sup>5</sup> In 1989, less than 10 percent of China's territory (only 94 million hectares) was covered with forests; the per capita share was slightly smaller than that of available farmland. Nationwide timber reserves amount to less than 7 cubic meters per capita—which is no more than America's actual roundwood consumption in less than four years.

## ENERGY AND MODERNIZATION

And although China's energy resources are impressively large in absolute terms, when prorated per capita the share is relatively modest. This is further reduced when one considers the enormous demands of economic modernization, which will require substantially increased consumption of fossil fuels and electricity.<sup>6</sup> The complexity of links between energy use and economic development precludes any rational advocacy of simplistic consumption targets for a modernized society. But the achievement of generally satisfactory quality-of-life

<sup>3</sup>Vaclav Smil, "China's Agriculture," *Scientific American*, vol. 253, no. 6 (1985).

<sup>4</sup>Food and Agriculture Organization, *1987 FAO Production Yearbook* (Rome: Food and Agriculture Organization, 1988).

<sup>5</sup>World Resources Institute, *World Resources 1988-89* (New York: Basic Books, 1988).

<sup>6</sup>Vaclav Smil, *Energy in China's Modernization* (Armonk, N.Y.: M.E. Sharpe, 1988).

<sup>7</sup>These examples were chosen from a large collection of provincial news items. Too numerous to be referenced here individually, most of them can be found scattered in *Renmin Ribao* (People's Daily), *Liaowang* (Outlook), *China Daily* and Xinhua (New China) news agency releases in Chinese and in English assembled in the *BBC Summary of World Broadcasts: Far East Weekly Economic Report* and in *Joint Publications Research Service* (various China microfiche series) of the past five years.

indicators calls for per capita primary-energy consumption that exceeds 40 gigajoules per year; that is, roughly twice the current Chinese rate of energy consumption. Because energy industries are the principal contributors to environmental degradation, this doubling of energy use could not be accomplished without an extensive environmental impact even in far more favorable economic circumstances (that is, in a much richer society that is able to devote a larger share of its domestic product to pollution controls).

The combination of growing population pressure and a limited resource base has been exacerbated by China's post-1979 dash toward economic modernization. The renewed economic vitality of rural areas has led to an outburst of housing construction, with its attendant loss of farmland and sharply increased demand for lumber and fuelwood; the rationalization of farming released tens of millions of peasants from fieldwork, most of whom found employment in small rural industrial enterprises whose last concern was environmental pollution. The increase in cropping that relies on chemical fertilizers and pesticides has resulted in the precipitous abandonment of traditional farming methods, a trend that leads to the widespread qualitative deterioration of farmlands.

In urban areas and suburban villages, higher material and intellectual expectations have stimulated an impressive growth in large-scale industrial production. With increased industrial production has come, inevitably, further environmental deterioration. Urban environments deteriorated sharply when, after decades of controlled growth, millions of peasants started to flood the cities, and when the long-delayed construction of new housing put extreme demands on the already inadequate provision of water, fuel, waste removal and public space.

Chinese sources have not been reluctant to inform the public about desirable trends: if anything, there has been a surfeit of local bad news about farmland losses, declining soil quality, deforestation, increasing air and water pollution, the declining quality of urban environments, shortages of water and the difficulties of waste disposal.<sup>7</sup>

## AGRICULTURE

Loss of farmland has been a global phenomenon, but China's record ranks among the worst declines. During the generation of unrest—between the initiation of the Great Leap Forward in 1958 and the beginning of radical reforms in 1979—China was losing an average of over 600,000 hectares of arable land a year. Widespread attention to this problem since 1979 has not been able to do more than moderate the rate of the loss temporarily. During the early 1980's the loss averaged 460,000 hectares per

year, but the latest figures, revealed by Liu Wen, secretary of a newly formed China Environmental Strategy Research Center, show the annual loss rising to 1 million hectares in 1985, then declining to 640,000 hectares in 1986 and 460,000 hectares in 1987.

## DEFORESTATION

The nationwide construction boom, the increasing demand for paper and the rapidly growing requirements of domestic and export packaging have combined to accelerate the demise of China's remaining natural forests. Between 1979 and 1988, forest areas shrank by over 23 percent and usable reserves of timber declined by 22 percent. It is almost certain that outside a few protected and inaccessible areas (mainly in southeastern Tibet), there will be no natural forests left in China by the beginning of the next century. Yet, incredibly enough, the Chinese have been recently promoting exports of rare timber species to Japan.

The latest target of rampant deforestation has been the remaining forests of Hainan, China's newly created island province, which has been opened up as a Special Economic Zone to foreign investment. Available estimates show the drop from 867,000 forested hectares in 1950 to just 247,000 hectares in 1983. That year saw the latest wave of destruction, an example of which is the descent of thousands of people on an eastern county where they set up illegal ilmenite mining sites, turning coastal forest along 100 kilometers of beaches into a treeless wasteland.

The other remaining tropical forests in the Xishuangbanna region of Yunnan province have been so extensively depleted that the local climate has changed perceptibly: instead of the traditional 180 foggy days a year, the area has only 80 to 85 such days a year. At the opposite end of the country, in the Dahinggan mountains of Heilongjiang province, inadequate warning and forest fire-fighting measures were largely responsible for China's worst-ever forest fire. Between May 6, 1987, and June 2, 1987, just over 1 million hectares of China's largest forest base burned and 855,000 cubic meters of timber stored in yards (more than 1 percent of the country's annual timber output) were destroyed.

Chinese reforestation efforts have a long tradition of mass participation and shoddy quality. While the reformist decade has brought some welcome changes, overall performance is still unsatisfactory. The return to private fuelwood lots (the slopeland still cannot be owned but can be inherited) has resulted in a much higher survival rate of new plantings (ideally, a rate of at least 80 percent is needed to ensure continued contracting). But in

public campaigns and state-planned shelterbelts, the actual rate remains low, rarely higher than 30 percent.

The persistent drought that affected most parts of the north during the 1980's has obviously worsened the prospect of tree survival in the new great shelterbelt, which was designed to check, or at least to slow, the advance of deserts into heavily populated farmlands. Should this effort be unsuccessful, Chinese forecasts are for up to 70,000 square kilometers of new deserts by the year 2000. A shortage of funds for the next stage of plantings and the possibility of massive pest infestations have made this unfortunate prospect more likely. In 1987, at least 20 percent of the shelterbelt trees were affected by pests and, nationwide, the pest-infested area now surpasses the annually afforested total.

Prolonged dry spells during the 1980's have also worsened widespread water shortages. At least 200 large cities now have an inadequate water supply and the situation is obviously worse throughout the north. Beijing is one of the most seriously affected places: during recent years, demand has been increasing by about 7 percent a year—but water supply has been declining by 5 percent. The current shortfall is around 500 million cubic meters per year; in the early 1990's, the shortfall will rise to 800 million cubic meters and by the year 2000 it could reach 1.2 billion cubic meters.

The combination of population growth and land loss sent the availability of farmland per capita below the traditional minimal threshold of one *mu* (about 670 square meters) in one-third of China's provinces, with the lowest rates in Guangdong and Zhejiang. Even if they want to continue to farm, at least 10 million peasants are now living in areas where the subdivision of fields for contract farming leaves them with plots too small to meet the most rudimentary subsistence needs.

The implications of losing about 500,000 hectares per year are best illustrated by calculating the approximate loss of food production capacity. In a country with overwhelmingly vegetarian diets dominated by grain staples, this is best illustrated by considering rice and wheat harvests. Recent average gross yields have been 5.3 tons per hectare for rice and 3 tons per hectare for wheat; the weighted mean of these two values reduced by appropriate milling losses (30 percent for rice, 15 percent for wheat) is about 3.2 tons of edible grain (milled rice and wheat flour) per hectare. The Chinese diet requires an equivalent of 230 kilograms of milled grain a year per capita; hence, 500,000 hectares of average farmland could yield enough grain for 7 million people.

In reality, much of the lost land is highly productive lowland in suburban areas and real food pro-

duction declines are even higher, an equivalent of food production capacity for perhaps 8 million to 9 million people—in a nation adding 15 million people a year. Could there be a more staggering example of environmental recklessness and perilous mismanagement of an irreplaceable natural resource?

The decline in the quality of farmland is no less worrisome. Chinese farming has been frequently extolled as a paragon of intensive, organic agriculture based on the extensive recycling of organic wastes and the planting of green manures. But contrary to the commonly held perception, Chinese agriculture is already about twice as dependent on modern energy subsidies as American agriculture—and this surprising difference is due largely to a very high level of nitrogen fertilizer applications.<sup>8</sup> The increased availability of urea from large, imported fertilizer plants led to a rapid decline in organic recycling. This trend has only been accelerated by the increasingly unacceptable quality of formerly recycled urban wastes that contain growing amounts of plastics and metals. These wastes are often heavily polluted with soluble compounds, which can be absorbed by the fertilized crops. In the densely populated Anhui province, only 5 percent of urban wastes were recycled in 1988, a virtual demise of a millennia-old tradition.

The rotation of nitrogen-supplying leguminous crops (soybeans, beans, peas) and the planting of leguminous species plowed under as a green manure (Chinese vetch, alfalfa) have also been declining as farmers try to maximize their income and turn to lucrative cash crops. Tobacco output doubled between 1983 and 1988, while soybean production (not only enriching the soil with bacterial nitrogen but also providing traditional diets with bean curd and soy sauce) stagnated. Not surprisingly, most provinces report declining organic content and increasing compaction in intensively cultivated soils. Even in the northeast, where cropping is the least intensive, the organic matter content of arable soils has declined to less than one-third of the level prevailing in the early 1950's.

In comparison, Beijing can be now supplied with just over 3 billion cubic meters of water during a dry year. The resulting overpumping of groundwater is creating a huge funnel underneath the city. Similar, or even greater, shortages and underground problems plague Tianjin, Taiyuan (in Shanxi), Dalian (in Liaoning) and Qingdao (in Shandong), the location of China's premier brewery. To deal with these shortages, Chinese managers have repeatedly urged the construction of massive water diversion projects to bring water from the Huang (Yellow)

River and even from the Changjiang River, but these are dubious strategies.

Water levels in the Huang River, the north's principal stream, have been steadily falling since the early 1980's. In 1981, the river's runoff was close to the long-term normal level of 48.5 billion cubic meters; in 1986, the level dropped to 26.1 billion cubic meters, and in 1987 it fell below 20 billion cubic meters. For a record length of 37 days there was actually no water flowing through the river into the Bohai Bay. Large-scale diversion of water from the Changjiang River, combined with increased irrigation and urban demand in the upper reaches of the river, may result in inadequate water supplies along the river's lower course in the intensively cultivated and heavily populated Jiangsu province.

Water conservation must be a key ingredient in the long-term solution to northern urban shortages. Chinese publications abound with stories of horrendous water waste: even in Beijing, tap water is so cheap, costing only one-fourth of its provision price, that there is no incentive to save. Still greater savings would come from closing down or relocating water-intensive industries (steel, petrochemicals) built in the vicinity of the capital during the decades of Stalinist planning.

## POLLUTION

The virtual explosion of small rural and suburban manufacturing enterprises has been a great boon to China's rural prosperity and a welcome absorber of surplus peasant labor. However, the environmental impact of these largely unregulated workshops and factories is considerable. Often they are only sources of noise and air pollution from the inefficient combustion of raw coal, but they cause the greatest damage by the uncontrolled release of polluted water. High concentrations of oils, phenols, sulfates and metals (most commonly from electroplating liquids) are often found in local canals, streams and lakes used for crop irrigation and drinking water.

China is dotted with thousands of small, dangerous sources of industrial water pollution. This water pollution is worst in the countries surrounding Shanghai and throughout the Zhujiang delta in Guangdong province. In the Shanghai area, new small factories and workshops produce exports or subcontract work for the factories in China's largest

*(Continued on page 287)*

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Vaclav Smil is now at work on a new survey of the worsening state of China's environment. His latest books are *Energy in China's Modernization* (Armonk, N.Y.: M.E. Sharpe, 1988) and *General Energetics* (New York: John Wiley, upcoming).

<sup>8</sup>Wen Dazhong, "China's Oil-Intensive Agricultural Ecosystem and Its Improvement," *Shengtaixue zazhi* (Journal of Ecology), vol. 6, no. 3 (1987).



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*"China's security needs must be weighed against the right of Tibetans to make their own decisions in a region in which they represent the overwhelming majority of the population."*

## Unrest in Tibet

BY JUNE TEUFEL DREYER

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**I**N September, 1987, anti-Chinese riots broke out in Tibet's capital city of Lhasa. They were quickly suppressed, but recurred periodically—21 riots, five of them serious, according to official sources. Finally, in March, 1989, faced with the largest, best-organized and most destructive demonstrations in Tibet to date, the central government imposed martial law on the region. As of June, 1989, martial law remained in force.

The outbreak of hostilities and the underlying resentment against China took many Chinese and foreign observers by surprise. The central government believed that it had made real efforts to redress past mistakes. In 1980, China's State Council issued a decree abolishing communes. A few years later, the government admitted that its policy of forcing Tibetans to raise wheat rather than the barley they preferred had been not only a cultural mistake, but an ecological disaster as well. Emergency rations were shipped in and Tibetans were allowed to return to the cultivation of barley.

A new policy of religious freedom was announced. It became possible for Lamaist Buddhists to make the pilgrimage to Lhasa again. Monasteries and temples destroyed during earlier, more radical phases of Communist rule could be rebuilt. The state contributed funds to help do so, and it also attempted to return religious objects taken from the temples to their original owners. Young men were again permitted to become monks if they so desired. The central government continued to subsidize Tibet's budget: according to its statistics, a total of 12 billion yuan (Y) has been invested in the area in the 30 years since the last sizable rebellion in 1959. Tibetans who had fled abroad were encouraged to return. Feelers were put out to the Dalai Lama, the god-king of the culturally cohesive Tibetan theocracy who has been in self-imposed exile since 1959. Beijing made it clear that it wished to negotiate the conditions under which he might be willing to return. In order to encourage

economic development, the central government enacted preferential tax provisions for Tibet.

When Tibetans objected to the publication of a short story they considered offensive to their customs, the editor of the journal in which it appeared was told to apologize. Tibetans who took offense at groups of tourists being brought to witness their traditional sky burial ritual were also placated: the local government issued regulations banning the presence of outsiders.

The sum total of these policies seemed to have positive results. Economic indicators turned upward. Though in most cases the changes were not dramatic, Tibet was clearly recovering from the ecological trauma of the early 1980's. The opening of Tibet to tourism allowed foreigners to see that monasteries were again functioning and to observe pilgrims performing their devotions. Tourism also brought more money into the area. Seeking to capitalize on Westerners' fascination with the fabled land of Shangri-la, in early 1987 the government announced plans to establish a Tibet Development Fund. Headed by two prominent Tibetans with excellent records of loyalty to the Beijing government—the Panchen Lama and a secular aristocrat named Ngapo Ngawang Jigme—the fund was to provide a conduit through which foreigners could contribute to the future prosperity of Tibet. In July, West German Chancellor Helmut Kohl made the first official visit by a head of state to Tibet since the People's Republic of China took control. This was interpreted by Western analysts as an important symbol legitimizing China's control over Tibet.<sup>1</sup> Even the Dalai Lama praised the new policies.

### TIBETAN GRIEVANCES

The riots that began a few months later shattered this facade of harmony and progress. As is so often the case, a great deal of frustration lurked not far beneath the apparently calm surface. In rural areas, herds did indeed recover after the communes were abolished, but differentially so. Generally speaking, those families who had had large numbers of animals before the imposition of communes became wealthy again, while those who had had few ani-

<sup>1</sup>*Agence France Presse*, Hong Kong, July 16, 1987, in United States Department of Commerce, Foreign Broadcast Information Service, *China Daily Report* (hereafter referred to as FBIS), July 17, 1987, p. H1.

imals returned to poverty.<sup>2</sup> Understandably, their degree of satisfaction with the new policies varied accordingly. Taxes, which had theoretically been abolished, reappeared in the form of official imposts for services performed. In any event, the countryside remained peaceful.

It was primarily in urban areas that discontent festered. The increasing bounty of the countryside did not find its way into cities regularly. In 1986, Tibet's First Communist Party Secretary revealed that cadres had to grow their own vegetables, and lamented the fact that in a pastoral area, milk supplies could not meet the demand.<sup>3</sup> The government reported that there were enormous problems of internal order in factories and offices, and that frequently these problems had important consequences involving serious harm.<sup>4</sup> The periodic reports issued by the Public Security Bureau indicated that the theft of firearms and ammunition was an ongoing problem.<sup>5</sup> Since China maintains that it has no political prisoners in Tibet, it is difficult to judge whether those involved in the thefts were either antigovernment activists or common criminals.<sup>6</sup>

While tourism indeed brought money to certain cities, mainly Lhasa, not all Tibetans approved of it. Some welcomed the foreigners, and prospered by providing various services and selling items like ceremonial scarfs and characteristically Tibetan coral, turquoise and silver jewelry. Others viewed tourism as exploitation visited on Tibetans by the Chinese. In the words of one native

First the Chinese cut our trees, mined our gold, and took our grain. Now there's nothing left, and they're selling our country to the foreigners.<sup>7</sup>

There was a widespread feeling that it was the Han Chinese, and not the local people, who profited from tourism.

This situation seems to have been the result of a miscalculation on the part of the Beijing government, rather than a policy planned with malice aforethought. To encourage economic develop-

<sup>2</sup>Melvyn C. Goldstein and Cynthia M. Beall, "Studying Nomads on the Tibetan Plateau," *China Exchange News*, vol. 14, no. 4 (December, 1986), p. 6.

<sup>3</sup>Lhasa Radio, January 3, 1986, in FBIS, January 7, 1986, pp. Q2-Q3.

<sup>4</sup>Lhasa Radio, August 12, 1986, in FBIS, August 19, 1986, p. Q3.

<sup>5</sup>Lhasa Radio, September 14, 1986, in FBIS, September 18, 1986, p. Q1.

<sup>6</sup>*Agence France Presse*, September 23, 1987, in FBIS, September 23, 1987, p. 10.

<sup>7</sup>*Asian Wall Street Journal*, June 29, 1987, p. 13.

<sup>8</sup>*Agence France Presse*, March 7, 1989, in FBIS, March 7, 1989, p. 48.

<sup>9</sup>*Renmin Ribao* (Beijing), April 4, 1988, pp. 1, 3.

<sup>10</sup>*South China Morning Post* (Hong Kong), August 6, 1988.

ment in a region woefully behind the rest of China, the central government had exempted Tibet from the general rule that one must be a permanent resident of a given area to start a business there. Taxes in Tibet were also low when compared with taxes in the rest of the country. The result was that Tibetan cities, Lhasa in particular, were inundated with a so-called "floating population" of Han Chinese from other provinces. Foreign and official sources estimated that nearly half the population of Lhasa, and to a lesser degree the population of Tibet's "second city," Rigaze (Shigatse), are made up of this floating population. Often teenagers, who had been sent off by their desperately poor parents in neighboring provinces like Sichuan, Gansu and Yunnan to add to the family income, became hawkers and the proprietors of small stalls servicing resident Han and visiting tourists. Typically possessed of better linguistic and technical skills than the locals, they tended to take business away from native Tibetans. And, no longer under parental restraint, some teenagers became discipline problems as well.<sup>8</sup>

The status of the Tibetan language was another grievance local people held against the Beijing government. Theoretically, since Tibet had the status of an autonomous region, official and business dealings should have been conducted in Tibetan as well as Chinese. In practice, it rarely worked out this way; the normally complaisant Panchen Lama complained in 1988 that "for the past 30 and more years, no importance has been attached to the use of the Tibetan language."<sup>9</sup> The Beijing government had issued repeated directives to Chinese residents of Tibet to learn the language, but in most cases these directives were ignored.

Though cultural contempt was often a major factor in this refusal to learn Tibetan, it was not the only factor. The Han were usually not in the area voluntarily. Not wishing to remain in Tibet, they had little incentive to undertake the long hours of study necessary to learn this difficult language. Many would doubtless argue that they had difficulty enough in coping with the area's harsh climate. Also, since 70 percent of the Tibetan population is illiterate, it must have seemed a largely wasted effort to learn to write the language, or to use it in official documents or on street signs, when most natives could not read them. Conversely, many Tibetans resisted the idea of learning Chinese in order to get along better in their own country, with people whose presence was unwelcome.

This language gap had important consequences for equality of employment opportunities in Tibet. Officials and factory managers who spoke only Chinese tended to prefer employees who could speak Chinese, and this excluded many Tibetans.<sup>10</sup> Western visitors to Lhasa's Holiday Inn reported that

when they attempted to speak Tibetan to the waitresses, who were clad in traditional *chuba*, they found that none could understand Tibetan: all the young women were in fact Chinese.

Even when Tibetans could speak Chinese and possessed skills that qualified them to hold the same jobs as Han, problems remained. To induce Han workers to go to Tibet, they were paid bonuses or salary supplements to compensate for the hardships of life in Tibet. It is not surprising that Tibetans working alongside Han who received higher pay resented the fact.

Tibetans were also less than satisfied with limited religious freedom. While in theory anyone could make the pilgrimage, in practice one had to receive permission from one's work unit. Permission was not always forthcoming. Sometimes the reasons were purely economic: the absence of a large number of people at the same time could affect production. At other times, the motivation for refusal was connected with social control. It was difficult to distinguish a sincere pilgrim from someone who wished to organize resistance to the authorities. Indeed, given the closely intertwined nature of religion and politics in Tibet, many local people would deny that the categories of sincere pilgrim and agent provocateur have been mutually exclusive.

There were other much-resented restrictions on religious freedom. Lamas have complained that the party makes it difficult for them to spread their faith, and that it has placed limits on the number of people who may become monks. The party's response has been to deny the first complaint and to counter the second with the contention that its policy of religious freedom does not depend on the number of lamas, but on how they are able to practice their faith.<sup>11</sup> Also bitterly resented is Beijing's insistence on recognizing only those *tulku* (reincarnations of lamas) who were discovered before 1959; new searches have been banned.<sup>12</sup> As a result, an increasing number of monasteries were without spiritual leaders. In an attempt to reverse the effects of this slow diminution of monastic leadership, the Dalai Lama has reportedly been infiltrating specially deputized *tulku* who had been discovered in exile communities. As of mid-1986, because of this policy, emissaries of the Dalai Lama had taken control of 38 temples and monasteries. Local authorities seemed disinclined to confront the takeovers, which had strong popular support.<sup>13</sup> It is possible that the

central government in Beijing paid little attention to what was happening.

## PATTERN OF DEMONSTRATIONS

The manner in which these grievances translated into militant acts quickly assumed a pattern. Groups of pilgrims, including monks and nuns, regularly traverse the Barkhor, an octagonal street surrounding Lhasa's Jorkhang (central temple), in the course of performing their devotions. At an agreed-on time, some pilgrims raise banners calling for independence, hoist Tibet's snow mountain and lion flag (banned by government authorities) and distribute anti-Chinese leaflets. Lhasa residents voice their support, shouting slogans. In those demonstrations that have turned violent, police and soldiers move in to stop the demonstration and there is rock- and bottle-throwing. Tear gas and firearms have been used against the demonstrators. The area is a busy one and innocent bystanders, including small children, are often victims. The shops on the side of the Barkhor facing the temple may be affected as well. During the most recent demonstrations, in March, 1989, shops belonging to Han Chinese were burned and looted. When the violence subsides, each side accuses the other of brutality; Chinese casualty figures generally number under 10, while Tibetans usually report casualties in the hundreds.<sup>14</sup>

Particularly distressing to China is the presence of foreigners in the ranks of demonstrators. With a few exceptions, foreigners have been strong supporters of the Tibetans. A legacy of China's nineteenth century and early twentieth century history is an acute sensitivity to outside powers that interfere in China's domestic politics. The government is also concerned with international perceptions of its human rights record. On neither count has it been happy with the eyewitness reports of foreigners. A typical example is this letter to the editor of *The New York Times*:

I would like to add to your report on human rights in China that, no matter how badly intellectuals and activists are treated, it cannot compare with Chinese brutality in Tibet. I was expelled from Lhasa on March 9, with approximately 100 other tourists, for one reason — so that there would be no witnesses to the army's actions against Tibetan demonstrators. I have never seen such vicious behavior. Thousands of machine-gun-carrying soldiers were packed in the back of trucks fitted with swing-type machine guns, which I always thought were for shooting down airplanes. The soldiers were kicking the Tibetans and hitting them with their rifles. What had started as a peaceful protest was deliberately escalated into a bloodbath. *I'm willing to bet that the Chinese will not open*

<sup>11</sup>Ibid.

<sup>12</sup>*News Tibet* (New York), July, 1986, p. 9.

<sup>13</sup>*Agence France Presse*, September 15, 1986, in FBIS, September 16, 1986, p. K7.

<sup>14</sup>See, for example, the account of the March, 1989, riots by Robert Delfs, "Repression Repeated," *Far Eastern Economic Review*, March 16, 1989, pp. 10–11.



*fire on Han students in Beijing as they did on Buddhist monks and nuns in Tibet.*<sup>15</sup>

The government has alleged that foreign involvement instigated the demonstrations. The head of the party's United Front Work Department has accused Japanese "groups," though it is important to note that he made no connection between these groups and the Japanese government itself.<sup>16</sup> Dutch, American and Austrian nationals have also allegedly been involved in the demonstrations, but apparently in a less organized way that is not as troubling to the Chinese government. Foreign governments have tended to express sympathy for the plight of the Tibetan people, although they say that they do not challenge China's contention that Tibet is an integral part of China.

While no doubt gratified that its sovereignty has not been seriously challenged, the Chinese government would like to end the impasse in Tibet. The government believes that it has been most generous to Tibet; still, further concessions have been made. Some have been economic; some have been cultural. Lamas who have registered as urban residents now enjoy the same state subsidies for food as local urban residents; elderly lamas receive the same social security benefits enjoyed by local childless and infirm persons.<sup>17</sup> In terms of culture, Tibetans are required to speak Tibetan when delivering speeches at important meetings. All documents and names are to be provided both in Chinese and in Tibetan. Rural schools have been instructed to concentrate on teaching in Tibetan, although they are required to teach the Chinese language as well. By 1993, middle school texts are to be written entirely in Tibetan, and by 1997, most subjects taught in senior middle and technical schools are to be taught in Tibetan. After the year 2000, institutes of higher learning should gradually start to use Tibetan as well.<sup>18</sup> A government directive with cultural and economic implications requires Tibet's floating population to register with local authorities.<sup>19</sup>

While the Beijing government must be given credit for making these efforts, it is doubtful that

<sup>15</sup>Italics ours. Andrew Failes, "Human Rights in China," *The New York Times Sunday Magazine*, May 28, 1989, p. 12. See also the article by David Bachman in this issue.

<sup>16</sup>*Kyodo* (Tokyo), March 24, 1989.

<sup>17</sup>Lhasa Radio, January 26, 1988, in FBIS, January 29, 1988, p. 32.

<sup>18</sup>Lhasa Radio, March 16, 1989, in FBIS, March 17, 1989, p. 57.

<sup>19</sup>Lhasa Radio, March 2, 1989, in FBIS, March 21, 1989, p. 58.

<sup>20</sup>*Hsin Wan Pao* (Hong Kong), September 29, 1988, in FBIS, September 29, 1988, p. 25.

<sup>21</sup>*Hong Kong Standard* (Hong Kong), May 11, 1989, in FBIS, May 12, 1989, p. 31.

they will placate anti-Chinese resentment. The monks' grievances against the government are not primarily concerned with food rations. Directives on the use of the Tibetan language have been issued many times before; compliance has not been forthcoming. And, even assuming that all the floating population can be induced to register with the authorities, registration will not necessarily solve the problems connected with its presence.

## NEGOTIATIONS WITH THE DALAI LAMA

The most pragmatic solution to China's dilemma with Tibet is an agreement with the Dalai Lama. According to all accounts, he remains the object of Tibetans' veneration and loyalty even after more than 30 years in exile.

Negotiations between the Dalai Lama and the Chinese government have continued, some open, some semi-secret and some only rumored. Shortly before his death in early 1989, the Panchen Lama revealed that he had been in communication with the Dalai Lama over a period of several years.<sup>20</sup> Major issues include the administrative status of Tibet and the status of the Dalai Lama after he returns to Tibet. As to the status of Tibet, the Chinese have refused to consider any form of independence. The Dalai Lama has kept his options open. With regard to the return of the Dalai Lama to Tibet, China has said that the Dalai Lama may return as spiritual head of the Lamaist faith, but not as a secular leader. While the Dalai Lama does not seem to object to this, many of his followers do. For example, when he offered in May, 1989, to step down as political leader of the Tibetan Parliament-in-exile, in order to broaden the democratic process by creating the position of Prime Minister, the offer was quickly rejected by the delegates.<sup>21</sup>

In June, 1988, during an address to the European Parliament at Strasbourg, the Dalai Lama outlined the framework for a Hong Kong-style settlement. The key points were:

- Beijing would be responsible for Tibet's foreign policy;
- Tibet would be governed by its own constitution or basic law;
- the Tibetan government would comprise a popularly elected chief executive, a bicameral legislature and an independent legal system;

*(Continued on page 288)*

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# BOOK REVIEWS

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## ON CHINA

CHINA UNDER DENG XIAOPING: POLITICAL AND ECONOMIC REFORM. *By David Wen-wei Chang.* (New York: St. Martin's Press, 1989. 304 pages, notes and index, \$45.00.)

POLICY MAKING IN CHINA: LEADERS, STRUCTURES AND PROCESSES. *By Kenneth J. Lieberthal and Michel Oksenberg.* (Princeton, N.J.: Princeton University Press, 1988. 445 pages, bibliography and index, \$39.95.)

The spectacle of China's "Days of Rage" in May and June, 1989, revealed how fragile the institutions of power in China can be. *Policy Making in China*, a cogent guide to the structure and process of Chinese government, is timely in its discussion of the fragmented nature of actual authority. Using the Chinese energy industry as a case study, Lieberthal and Oksenberg trace the evolution of policy-making at the highest level. According to their analysis, rule in China is still—at least at the top—the rule of man, not of law. But below that level, it is the bureaucratic imperative that propels decision making.

Dissatisfaction with the political and economic reforms underpinned the widespread demonstrations. The context for understanding them is provided by David Wen-wei Chang in *China under Deng Xiaoping: Political and Economic Reform*. Chang explores the development of the reforms, from the political and ideological vacuum after the Cultural Revolution to the beginnings of rural, then urban, reforms. Debra E. Soled

DENG XIAOPING. *By Uli Franz.* (New York: Harcourt Brace Jovanovich, 1988. 340 pages, notes and index, \$21.95.)

The most well-known public figure in China today is de facto leader Deng Xiaoping. But aside from his current activities as political leader, he is a cipher to most Westerners. This biography, translated from the German, chronicles Deng's life from its beginnings in Sichuan to his experiences as a laborer in France, his studies in the newly formed Soviet Union, and his political career after his return to China in 1926. The story of his role in establishing the new China includes not only the famous ups and downs of his official position, but the little-known details of his relationships with Chairman Mao Zedong, former Prime Minister Zhou Enlai, Mao's wife Jiang Qing, and Defense Minister Lin Biao. Overall, this is a commendable job of drawing the factual history of his life. D.E.S.

HU YAOBANG: A CHINESE BIOGRAPHY. *By Yang Zhongmei.* (Armonk, N.Y.: M.E. Sharpe, Inc., 1988. 208 pages, notes and index, \$29.95.)

Written by a Chinese citizen, this biography of the recently deceased Hu Yaobang traces Hu's life and career through the political twists and turns of modern Chinese history. Hu's death and the current resurgence of ferment for political liberalization bring fresh poignance to the story of the young Hu on the Long March, joining Mao and other Communist elders in Yan'an, and surviving the post-1949 political campaigns. Writing from outside China, Yang Zhongmei is able to interpret the tumultuous period from the 1920's until the mid-1980's through the lens of the current reform movement; unlike past Chinese biographers of modern figures, Yang does not have to pay obeisance to party doctrine. Independent biographies of other Chinese leaders would add greatly to our understanding of Chinese leadership politics. D.E.S.

ENERGY IN CHINA'S MODERNIZATION: ADVANCES AND LIMITATIONS. *By Vaclav Smil.* (Armonk, N.Y.: M.E. Sharpe, Inc., 1988. 250 pages, index, \$37.50.)

SCIENCE AND TECHNOLOGY IN POST-MAO CHINA. *Edited by Denis Fred Simon and Merle Goldman.* (Cambridge, Mass.: Harvard University Press, 1989. 461 pages, notes and index, \$14.00.)

CHINA'S SCIENCE POLICY IN THE 80's. *By Tony Saich.* (Atlantic Highlands, N.J.: Humanities Press International, 1989. 188 pages, bibliography and index.)

In the May Fourth movement so often evoked during this year's demonstrations, the rallying cries for progress focused on "Mr. D" (democracy) and "Mr. S" (science). These three works amply describe China's current condition in the sciences.

Modernizing China means modernizing its science and technology (S and T). Aspects of this broad task are addressed in Simon and Goldman's collection, *Science and Technology in Post-Mao China*. The areas covered include: reforms in S and T (Tony Saich), medicine (Gail Henderson), the effectiveness of technology transfer (Roy Grow), the use of S and T personnel (Leo Orleans) and military research and development (Wendy Frieman).

Vaclav Smil analyzes the role of energy as a crucial factor in the success of economic reform. Although China possesses rich resources and has made impressive advances in energy production, further progress will depend on even greater output and on effective utilization. Smil's discussion ranges from the pricing of fuel and the environmental impact of energy development, to future energy prospects, treating various aspects not as discrete elements but as interconnected pieces of a larger puzzle. In contrast to countries with advanced industrial economies, China will have to increase its energy consumption dramatically in order to develop. Setting aside the political ramifications of the strategies necessary to achieve these energy goals, Smil provides a useful analysis of the dynamics that affect China's energy prospects.

In *China's Science Policy in the 80's*, Tony Saich discusses reforms in S and T within the context of broader reforms necessary to modernize China. S and T reforms are considered the foundation for all other reforms, yet less attention is paid to this area than to reforms in the economy. Saich offers a comprehensive overview of the civilian S and T sector, reforms in financing S and T and in the staffing system and, finally, the Communist party's attitudes toward the scientific field.

D.E.S.

**CHINA'S ECONOMIC OPENING TO THE OUTSIDE WORLD: THE POLITICS OF EMPOWERMENT.** By Jonathan R. Woetzel. (New York: Praeger Publishers, 1989. 208 pages, bibliography and index, \$45.00.)

**CHINA AND THE WORLD: NEW DIRECTIONS IN CHINESE FOREIGN RELATIONS.** Edited by Samuel S. Kim. 2d edition. (Boulder: Westview Press, 1989. 339 pages, bibliography and index, \$55.00.)

**CHANGE, CONTINUITY AND COMMITMENT: CHINA'S ADAPTIVE FOREIGN POLICY.** By J. Richard Walsh. (Lanham, Md.: University Press of America, 1988. 174 pages, bibliography and index, \$26.75.)

China's modernization program has necessitated a shift in its relations with other countries, both in economic and in political terms. As these three volumes indicate, this shift stems from the leadership's pragmatic evaluation of how foreign relations can benefit domestic development. However, the leaders did not consider how they would deal with the interplay between these new foreign policies and domestic politics.

*China's Economic Opening to the Outside World: The Politics of Empowerment* illustrates the conundrum in which China's leaders find themselves. After

discussing China's feudal economic past, Woetzel analyzes the political rationale behind the current economic opening. The Open Door strategy was conceived with limited objectives: not to reorder China's place in the world economy, but to fuel China's own economy. While this reform was a radical departure in economic terms, it was formulated by conservative political leaders.

The second section of Woetzel's study, based on interviews with Chinese and foreign employees of joint ventures in China, describes the results of the new policies. The author claims that there is a progression from the government's granting individuals more decision-making power in the economy and business, to individual demands for more latitude in other arenas, a process that he calls "individual empowerment." Chinese leaders have assumed that this progression can be halted in the middle. But further economic development may depend on expanding, not curtailing, individual initiative. How the leadership resolves this contradiction is vital to the future of China's modernization program.

Just as important in China's reorientation has been the leadership's reevaluation of the global strategic environment. Changes in China's external relations have not been caused by a shift in China's fundamental view of the relationships between nation-states. Walsh believes that Chinese leaders realized that their past choices in foreign policy alienated them from countries that would later be crucial for China's modernization. Thus they were compelled to balance their traditional penchant for isolation with their need to develop closer relations with countries that could be helpful to them. Total autonomy is no longer practical; total dependence is unacceptable. China's leaders have designed their new relationships to try to walk a middle path.

Kim's *China and the World* explores various aspects of China's new foreign policy. Contributors including David Bachman, Steven I. Levine, Chi Su and William R. Feeney cover topics like the domestic sources of Chinese foreign policy, Sino-American relations, Sino-Soviet relations and policy toward multilateral institutions. In the concluding chapter discussing policy options, Allen S. Whiting points out that "instead of the recurring past concern over instability and change in China, the real obstacle to forecasting policy is the problem of potential instability and change in the world economy." Nevertheless, Whiting concludes that China's foreign relations will continue to be linked to the need for a peaceful global environment and international economic cooperation.

D.E.S.

(Continued on page 320)



## CHINA'S ENVIRONMENT

(Continued from page 280)

industrial center; in Guangdong, the local economy became a growing outpost of Hong Kong-based manufacturing. Water pollution risks are higher during the frequent dry spells when concentrations of pollutants in reduced water volumes may multiply beyond already unacceptably high levels.

Large industrial enterprises have improved their pollution control record during the 1980's; electrostatic precipitators and primary water treatment facilities have been installed at many plants. But an official statement claimed that, in 1988, 250,000 of 400,000 state enterprises were still serious polluters. A survey of 168,000 enterprises listed total discharges of nearly 30 billion cubic meters of polluted water and over 300 million tons of solid wastes. The continuing heavy industrial emphasis is largely responsible for China's high level of pollution generated per unit of economic product. In spite of some impressive expansion of light industrial manufactures, heavy industries used over 52.5 percent of the country's primary energy in 1987, only a marginal drop from 53.4 percent in 1980.

Although most Chinese coals have relatively low sulfur content, their concentrated combustion in seasonally rainy southern cities has resulted in the spread of acid rain. Surveys during 1988 found that the effect of acid rain on crops and forests is particularly serious in parts of Sichuan (Chongqing, Daxian, Yibin and Emei areas), Guizhou, Hunan, Jiangxi and Guangdong, covering about 3 percent of China's farmland. In most of these regions, the amount of acid rain is now comparable to the level in the heavily afflicted central and northwestern Europe and eastern North America.

Most of the worst cases of particulate emissions from large urban power plants and factories have been eliminated since the late 1970's, but the typical rates of dustfall and concentrations of sulphur oxide and nitrogen oxide remain excessively high. Compared with Tokyo, East Asia's largest metropolis, air pollution levels in Beijing are now 5 to 17 times higher for particulate matter, 3 to 6 times higher for sulphur oxide and 4 times higher for nitrogen oxides. The increasing number of cars in large coastal cities is adding unburned hydrocarbons and photochemical smog to the point that the air quality is now nearly as bad in Guangzhou and Shanghai as it is in Taipei. Also not surprising are reports about the increasing rate of lung cancer mortality, a toll aggravated by the mass addiction to high-tar cigarettes.

<sup>9</sup>Cheng Zhenhua, "Progress and Experience in Environmental Protection in China During the Sixth 5-Year Plan," *Huanjing Baohu* (Environmental Protection), vol. 7, no. 3 (1986).

The massive construction of high-rise apartments since the early 1980's has helped to raise living standards and to ease the extreme crowding of Chinese city housing, but many of these new buildings enjoy only a sporadic, irregular water supply, and people living on the top floors may have to carry their water in buckets. And yet, the polluted air and shortages of water are not the most enervating environmental shortcomings of urban areas. Crowding in China's largest cities is becoming unbearable. Shanghai's Nanjing Road, China's most famous shopping street, has to accommodate 1.5 million people a day; to Beijing's permanently registered 10 million people must be added the floating population of 1.2 million to 1.5 million who come to the city to shop, peddle, search for work, petition bureaucrats or sightsee.

However, Beijing's masses are nothing compared with Guangzhou's human deluge. Guangdong province had to ask for state help to stem the influx of 2.5 million people from the neighboring provinces. Needless to say, urban services in most of China's large cities are unable to cope with these overloads. Beijing spends nearly two-fifths of its annual maintenance budget on garbage removal, but it has hardly any proper disposal sites. This fact did not prevent the construction of the Beijing International Golf Club in the area of the Ming tombs near the capital—an extravaganza for foreign tourists that worsens the water shortage.

Efforts to improve the urban environment have included the construction of new roads (which attract traffic and create bottlenecks themselves) and water treatment plants (an essential step for rational management of liquid wastes). Certainly, the most Chinese of all these measures was the ban on public spitting, announced on May 20, 1985. People caught spitting were to clean up after themselves and were fined 50 *fen*.

Is there any encouraging news to lighten this litany of troubles? When Cheng Zhenhua reviewed China's progress in environmental protection during the first half of the 1980's, he listed improved environmental consciousness, the introduction of new environmental protection mechanisms, progress in industrial pollution control and the setting up of new nature preserves and monitoring networks as the most noteworthy accomplishments.<sup>9</sup> All these developments did indeed occur, and they have continued. The Chinese press devotes a good deal of attention to environmental issues; a new Air Pollution Prevention and Control Law was adopted in 1987; 20 new nature preserves were added in 1986; there is environmental monitoring at more than 1,000 sites around the country; and virtually all new large industrial projects are built with adequate pollution controls.

Significant achievements in environmental policy are being swamped by the population tide and by the quest for higher prosperity. These pressures will intensify during the late twentieth century, with the addition of almost 200 million people. Moreover, by the year 2000 China's surplus rural labor may reach nearly 250 million people. Whether this surplus labor seeks jobs in already overcrowded cities or sets up more rural manufacturing, the huge transfer of humanity from fields to factories cannot be accomplished without extensive environmental destruction. The conclusion is inevitable: even with the best intentions and with the requisite capital (never the case in any country at that stage of development), the only way out of China's environmental morass is successful population control. ■

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### UNREST IN TIBET

(Continued from page 284)

- Tibet would become a demilitarized zone, but with China's right to maintain military installations in Tibet for defense purposes only, until neutrality is established.<sup>22</sup>

Most outside observers found the agenda constructive, noting that for the first time, the exiled leader had formally asked for an arrangement short of total independence.<sup>23</sup> The Chinese credited the proposal with being "a change in tone"; however, China rejected the proposal as tantamount to a declaration of independence or semi-independence for Tibet, neither of which it found acceptable.

Although the Dalai Lama was accused of trying to internationalize the issue of Tibet, he was invited to come to Beijing for negotiations.<sup>24</sup> The Dalai Lama agreed to negotiate, but preferred to meet outside of China; the Chinese refused to meet outside Chinese territory. The Chinese side then refused to accept as a member of the negotiating team a Dutch lawyer specializing in international affairs who had worked with the exile government for many years. The Dalai Lama's group stressed that the lawyer would attend as an adviser to, rather than as a member of, the negotiating team.

<sup>22</sup>*South China Morning Post*, June 16, 1988, p. 1.

<sup>23</sup>*Agence France Presse*, June 23, 1988, in FBIS, June 23, 1988, p. 51.

<sup>24</sup>*Ibid.*

<sup>25</sup>*Agence France Presse*, June 23, 1988, in FBIS, June 23, 1988, p. 14.

<sup>26</sup>*Agence France Presse*, October 3, 1988, in FBIS, October 4, 1988, p. 55.

<sup>27</sup>*Zhongguo Xinwen She* (Beijing), January 24, 1989, in FBIS, January 25, 1989, p. 56.

<sup>28</sup>*Xinhua* (Beijing), January 30, 1989, in FBIS, January 30, 1989, p. 20.

<sup>29</sup>Daniel Southerland, "Tibet May Weaken Backers in Beijing," *Washington Post*, March 10, 1989, pp. A-35, A-38.

The exile group warned of further violence if China did not accept its proposal, and China intensified efforts to find pronationalist leaders and put them in jail.<sup>25</sup> A large police and military contingent was moved to Tibet in September, 1988, and paraded through the streets of Lhasa to warn the population of what might happen if there were a repetition of the previous year's National Day demonstrations. Tibetans reported that they had been threatened with death if they participated, and with loss of their jobs if they were seen in the vicinity of the Jorkhang. Chinese soldiers were sent to monasteries on inspection tours.<sup>26</sup> A small demonstration took place nonetheless, followed by a much larger demonstration in December, 1988.

As 1989 began, China was reportedly "mulling over" the latest proposal from the Tibetan government-in-exile, explaining that the two sides were trying to resolve their differences through consultation. Chinese propaganda stressed that freedom of religion did not mean allowing the lamas to restore the days of barbarism and ignorance from which the Communist government sees itself as having extricated Tibet. Meanwhile, the Beijing government declared that it would continue to make amends for the excesses of previous radical depredations against the practice of religion. To this end, it contributed a substantial sum of money for the building of a *stupa* (shrine) to house the remains of five deceased Panchen Lamas. Before the Cultural Revolution, each reincarnation had had his own *stupa*; these were apparently desecrated by China's Red Guards. Not surprisingly, the current reincarnation headed the dedication festivities. The high-level dignitaries gathered for the ceremonies were surprised by the Panchen Lama's statement that, although there had been development in Tibet since its liberation, this development had been more costly than its achievements.<sup>27</sup> Four days later, on January 28, 1989, he was reported dead of a heart attack.<sup>28</sup>

Since the Panchen Lama was relatively young, 51, and there had been no previous reports of heart problems, the death was totally unexpected. Already suspicious minds concluded that the Chinese had murdered the Panchen Lama because of his outspokenness.<sup>29</sup> It is impossible to verify the substance of these charges, and the truth may never be known. But it is certain that the Panchen Lama's death deepened the atmosphere of distrust between Tibet and China and deprived the Chinese government of an important conduit to the exiled Dalai Lama. Little has been heard of the negotiations since the Panchen Lama's demise.

Another factor making it difficult to reach a negotiated settlement of the Tibet question is the rise of a new generation of militant Tibetans, within the

region itself and in the various exile communities. These young militants revere the Dalai Lama as a temporal and a spiritual leader, but they apparently find no inconsistency between these professions of unswerving devotion and their rejection of the Dalai Lama's message of nonviolence. The young Tibetans have threatened a campaign of terrorism against the Chinese and may be beyond the control of their god-king.<sup>30</sup> The emergence of this group is an interesting gloss on the beliefs of many Western analysts that, with the passage of time, Tibet would settle into a reasonably comfortable, sinicized accommodation. The Chinese government seemed tacitly to subscribe to this theory, content to "wait out" the Dalai Lama and his group as long as necessary. On the other hand, given the present lack of support for Tibet's independence among sovereign states (as distinguished from individuals and groups within those states), it is difficult to imagine that Tibet could attain independence from China. In essence, the issue of Tibetan independence is stalemated.

Unless the negotiation process can be restarted soon, a likely scenario is the emergence of a Northern Ireland-type situation, in which religious festivals or the anniversaries of previous uprisings become occasions for outpourings of popular discontent. Each new outpouring of discontent may provide more martyrs. Avenging the honor of the martyrs will provide the excuse for future uprisings in Tibet.

Although the negotiating process may have become more difficult with the passage of time, the interests of both sides seem to call for renewed efforts. China has a legitimate security argument to make for retaining some presence in Tibet. However, with relations between China and India much improved, the issue no longer seems so pressing. In any case, China's security needs must be weighed against the right of Tibetans to make their own decisions in a region in which they represent the overwhelming majority of the population.

Another difficult problem for China is the demonstration effect: granting independence, or even true autonomy, to Tibet might well prompt similar demands from China's other minority groups. If, however, the alternative to Tibetan self-government is dealing with a financial running sore and a human rights embarrassment, the advantages of allowing a Hong Kong-type of internal self-government in Tibet, like the government envisioned in the Dalai Lama's proposal, may well outweigh the disadvantages. It remains to be seen whether the Dalai Lama can persuade his militant supporters to accept such a plan. ■

<sup>30</sup>Jackie Sam, "Tibetan Radicals Put a High Price on Independence," *Hong Kong Standard*, April 8, 1988, pp. 1, 12.

## INFLATION AND ECONOMIC REFORM

(Continued from page 272)

of 1989 and 1990—the new aim was to “bring the economic environment under control, and reestablish economic order.” Price reforms were to be postponed until that process had been successfully completed.<sup>9</sup> Even more significantly, General Secretary Zhao Ziyang, who had been in charge of economic policy-making since the early 1980's, was removed from day-to-day charge of the economy. Yao Yilin and Li Peng, his replacements, quickly moved to impose a policy of economic contraction in an attempt to control inflation. That policy consisted primarily of imposing direct administrative controls on the economy, with these controls reinforced by tighter control over the banking system's credit creation.

Direct controls on prices and marketing were introduced immediately. Price controls were intensified, and price inspectors fanned out to different cities, enforcing many regulations that had been generally ignored during the period of progressive liberalization.<sup>10</sup> Yao Yilin announced that 50 percent of China's commodities were already being priced by the market, and 50 percent were price-controlled. There were no plans to de-control any prices, he said, nor were there any plans to re-control prices.<sup>11</sup> Tax inspectors intensified their search for tax evasion. Given the shaky status of China's legal code, the intensified enforcement of vague provisions often amounts in practice to a re-interpretation of the law. Undoubtedly, many of the “violations” uncovered by tax and price inspectors would not have been considered violations a few months earlier.

Planners also moved to intensify their control of a few key commodities. Steel and grain were singled out. In both these cases, the freedom to buy and sell the commodities after planned targets had been met was severely restricted. The intention was to eliminate the dual-track system with regard to these commodities and to concentrate monopoly control in the hands of the state.<sup>12</sup> This type of intensified administrative control was a clear retreat from economic reform.

<sup>9</sup>“Next year and the year after the focus is on bringing the economic environment under control and re-establishing economic order; currently we may resolutely hold back inflation and deepen reform,” *Jingji Ribao*, September 23, 1988, p. 1.

<sup>10</sup>“Price Inspectors to Investigate Markets in Major Cities,” *Jingji Ribao*, October 2, 1989, p. 2.

<sup>11</sup>“Prices that haven't been free won't be freed at present; prices that have been freed won't be reconrolled,” *Jingji Ribao*, September 24, 1989, p. 1.

<sup>12</sup>“The state is implementing monopoly management of four types of finished steel in short supply,” *Zhongguo Jiben Jianshe* (China Capital Construction), no. 1 (1989), p. 47.



Direct controls were imposed on fixed investment. At first, policy simply demanded that certain types of frivolous construction projects be halted. Shortly thereafter, localities were instructed to carry out a full inventory of all investment projects under construction. New administrative limits were promulgated that covered all kinds of investment, including private and rural collective investment that had previously been outside planned control. Each locality and ministry was directed to cancel a certain proportion of their projects under construction, particularly those in light manufacturing, so that resources could be concentrated on energy, transportation and raw materials sectors.<sup>13</sup>

Financial policies were reoriented to back up intensified administrative controls. Various supplementary taxes and compulsory bond purchases were decreed in order to enhance fiscal revenues, but the focus of attention was the banking system. The expansion of credit was severely restricted, and in fact, the growth of credit in the third and fourth quarters was limited to 5 percent per quarter. A full-scale contractionary policy was thus put into place in order to tame inflation. The one tool that was scarcely used in the financial arena was an increase in interest rates. The only significant increase in interest rates was a program to guarantee the value of long-term household saving deposits. Supplementary interest was paid so that total returns would equal the inflation rate of the previous quarter. Because policymakers were concerned about declining bank deposits, they were willing to guarantee a real interest rate equal to zero. Interest rates for loans were increased only a point or two. As a result, real interest rates became increasingly negative in the face of inflation, and the opportunity to use a market-related mechanism to carry out anti-inflationary policies was lost.<sup>14</sup>

One area where the shift of policy led to a more relaxed regime was in the area of foreign trade. After China's large trade deficit in 1985, planners had exerted intensive efforts to close the trade gap. Imports were strictly limited, and a major effort was

made to promote exports. By mid-1988, these policies had basically obtained their objective, and China had only a small merchandise trade deficit that was more than compensated for by a surplus in the trade of services. But this achievement had come at significant cost to the domestic economy. By holding down imports of goods in high demand (like finished steel and certain consumer goods) and pumping resources into export promotion, the trade effort had intensified domestic imbalances. The new leaders increased the inflow of imports in an attempt to reduce imbalances and break down inflationary expectations. In the fourth quarter of 1988, the trade deficit widened again by conscious policy. Nonetheless, the leaders are highly constrained in their ability to follow such a policy; China's foreign debt, estimated at around US\$30 billion, is a sufficient constraint to ensure that China cannot continue to run import surpluses.

The crackdown initiated in late September, 1988, led to extremely modest results that year. In fact, it is difficult to perceive the effects of the crackdown on real economic variables through the end of 1988. The inflation rate ceased its inexorable climb, but stayed high, maintaining a rate above 20 percent. Industrial growth rates also remained extremely high. Widespread evasion and foot-dragging on the local level ensured that investment projects would continue. The annual planning cycle in the Chinese economy is apparently so important that a drastic shift in macroeconomic policy during the fourth quarter is virtually impossible.

One of the major early effects was the disruption of agricultural procurement. China's economy is strongly influenced by its large agricultural sector, with the result that a large portion of total credit is extended during the final four months of the year and is used to finance the procurement of the harvest. As a result, banks typically have a period of abundant supplies of credit during midyear; this is the time when a credit contraction can be effective. In 1988, because credit supply was lax during mid-year, banks lent much of their available funds to industrial customers, assuming that additional credit would be available at harvest time.

Instead, harvest time collided with the sudden determination to restrict credit. As a result, banks were unable to provide sufficient credit for the harvest, and procurement agencies were reduced to giving farmers what amounted to IOU's from the government, an action that was not popular.<sup>15</sup> At the same time, industrial enterprises had so many financial resources that most of the impact of credit restrictions in the industrial sector was seen in a reduction of enterprise bank balances, with little effect on real behavior.

As localities completed their inventory of invest-

<sup>13</sup>The State Council Issues a Notification Demanding Rectification of All Types of Fixed Investment," *Jingji Ribao*, October 5, 1989, p. 1; a full elaboration of the policy is in "Fundamentals of This Year's Fixed Investment Policy," *Zhongguo Jiben Jianshe*, no. 2 (1989), pp. 4-6.

<sup>14</sup>The People's Bank Announces the Interest Supplement for the First Quarter of Next Year," *Renmin Ribao*, December 27, 1988; "The People's Bank Will Adjust Interest Rates on Deposits and Loans on February 1st," *Renmin Ribao*, January 22, 1989, p. 1; Chen Yinqi and Tang Fenwei, "It Is Urgent to Stabilize Savings Deposits," *Zhongguo Jinrong*, no. 3 (1989), pp. 31-32.

<sup>15</sup>See, for example, "The checks given to peasants are not worthless and are not IOU's; the Agricultural Bank director tells peasants to relax and use them freely," *Jingji Ribao*, October 31, 1988, p. 1.

ment projects, they managed to find ways to avoid canceling pet projects. By the end of 1988, over 14,000 construction projects had been canceled, with a planned investment of almost 50 billion yuan. But half of the canceled projects were simply planned projects that had not actually been started, and the actual work on existing projects was not reduced much; the total reductions only amounted to 4 percent of the total volume of construction in progress.<sup>16</sup>

By the end of 1988, then, the effects of the contractionary policy had been minor, and the positive effects were even less significant. However, as the program was continued into 1989, it began to have greater impact. Restrictions on credit started to bite into industrial production sharply at the beginning of the year. Industrial growth rates decelerated. Unfortunately, although the planners hoped that energy and raw materials production would continue to expand, steel production and aggregate energy supplies declined and shortages of coal appeared at some electricity generating systems. Some relaxation of credit restrictions was announced specifically to provide resources to these sectors.<sup>17</sup> At the same time, investment cutbacks began to materialize. The reduction in construction hit particularly hard at construction workers, many of whom are rural residents who work in the cities temporarily. Official estimates were that 10 million rural residents working in the cities would be sent back to the countryside, and the urban unemployment rate would climb.<sup>18</sup>

## FUTURE DIFFICULTIES

The first quarter of 1989 was marked by significant economic difficulties springing from the anti-inflationary policies begun the previous September. These difficulties would challenge policymakers and would demand effective and highly interventionist policies. In fact, these difficulties were followed during May by the eruption of a full-scale social crisis. It is clear that the economic difficulties of the first quarter of 1989 will be submerged in the still greater difficulties brought on by that crisis. The prospect is for an across-the-board economic contraction in 1989, and the emergence of a new policy orientation when the social crisis is overcome. In that sense, the economic crisis of 1988 was merely a harbinger of a larger crisis to come. ■

<sup>16</sup>Wei Jing, "Scale, Structure, Efficiency: Analysis of 1988 Fixed Investment," *Zhongguo Jiben Jianshe*, no. 3 (1989), p. 22.

<sup>17</sup>"Steel Production Has Declined Since the Beginning of the Year," *Renmin Ribao*, March 13, 1989, p. 1; "Four Big Electrical Networks Lack Coal" and "The Bank Is Increasing Credit by Five Billion Yuan," *Renmin Ribao*, March 15, 1989, p. 1.

<sup>18</sup>"Three New Tendencies in the Rural Economy," *Renmin Ribao*, March 13, 1989, p. 1.

## THE MILITARY IN CHINA

(Continued from page 268)

On June 5, 1989, United States President George Bush suspended all U.S. weapons transfers to China. Work on the F-8II upgrade and an artillery shell factory ceased. Pending transfers of counter-battery radar for ground forces and antisubmarine torpedos to the navy were also suspended. China has become so deeply engaged in the international civil aviation market that it has become nearly impossible to keep track, let alone enumerate, all the co-production and licensed production projects now under way or being negotiated. Revulsion and uncertainty following the June crisis will undoubtedly reduce foreign interest in aviation cooperation, as in all trade with China.

When asked why the Ministry of Foreign Economic Relations and Trade does not publish arms export statistics, the minister replied that they are "too small to be worth mentioning."<sup>12</sup> In fact, Chinese arms export volume ranked fifth in the world in 1987. That year, the Soviet Union sold US\$9.7 billion worth of arms, followed by the United States (US\$5.8 billion), France (US\$3.2 billion), Britain (US\$1.6 billion) and China (US\$1.04 billion).<sup>13</sup> China continues to unveil new and improved weapons systems. Few are incremental improvements on Soviet designs, while many are really new, incorporating Chinese and Western technology. China's best weaponry continues to be exported, with profits and technical expertise plowed back into the defense industry.

China has made international headlines with arms sales in the Middle East, especially the sale of the HY-2 (Silkworm), a modification of the venerable Soviet SS-N-2 Styx. In October, 1987, an Iranian Silkworm damaged a tanker at anchor in Kuwait. Until the 1988 truce in the Iran-Iraq War, Iran's Silkworms threatened shipping in the Persian Gulf, including the United States naval task force. The Chinese not only supplied over half of Iran's weapons, they also assisted extensively in the development of Iran's own arms factories.<sup>14</sup> Less publicized was sale of B-6D maritime bombers to Iraq. The B-6D is a new version of the old Soviet Tu-16 Badger; it carries a C-601 (Silkworm variant) under each wing, and has newly developed radar, targeting and navigation systems.

In March, 1988, Saudi Arabia announced its purchase of Chinese DF-3 (CSS-2) intermediate-range ballistic missiles. The Chinese were also reportedly negotiating with Syria to sell their new M-9 battlefield missile. The Chinese first denied

<sup>12</sup>*China Daily*, July 28, 1988, p. 2.

<sup>13</sup>*SIPRI Yearbook*, cited in *Jane's* August 27, 1988, p. 352.

<sup>14</sup>*Jane's*, November 19, 1988, pp. 1252-1253.

these sales, and then blandly listened to American protests, which seem to have had no inhibiting effect at all.<sup>15</sup>

An interesting irony of missile sales to the Arabs, which threaten Israel, is that Israelis may have helped in their development. Chinese-Israeli collaboration in aircraft and tank development has been known for some time, though both countries have repeatedly and stridently denied it. China and Israel were exquisitely embarrassed in April, 1988, when the Hong Kong press revealed that in 1987 Hong Kong authorities had arrested a team of Israeli military scientists en route to China with forged Philippine passports. Another twist is the possible sale to China of electronic equipment originally developed for Israel's defunct Lavi fighter.<sup>16</sup>

In 1987-1989, China continued sales at "friendship prices" to Thailand, which has hundreds of Chinese armored vehicles, tanks and anti-aircraft weapons. In 1989, the Thai government purchased minesweepers and four frigates, and is reportedly negotiating for F-7M fighters and *Romeo* class submarines. China still hopes to sell arms elsewhere in Southeast Asia. Faced with that region's traditional suspicion of China, however, the Chinese have met little success so far.

Chinese participate with increasing sophistication at a growing list of foreign arms exhibitions. They had large well-publicized exhibits at the 1988 Paris and Farnborough Air Shows. In November, 1988, Beijing hosted the Asiandex'88 exhibition. Foreign arms dealers, however, were distinctly less enthusiastic about Chinese trade than they had been at Asiandex'86. The Chinese are so short of foreign exchange they often refuse to pay in hard currency, instead insisting on problematical joint export ventures. Foreign firms are also becoming angry about the Chinese piracy of their designs.<sup>17</sup>

CoCom, the 16-nation Coordinating Committee for Multilateral Export Control, has progressively liberalized technology transfer to China since the 1970's. In mid-1988, rules were relaxed again to allow Japan to export sophisticated numerical control machine tool technology. In 1986, the Chinese air force signed a memorandum of understanding

with Flight Refueling of Britain to develop aerial refueling capability for the A-5. In January, 1989, however, at the urging of Japan and the United States, CoCom blocked the export license, on the grounds that it would give China's air force a long strategic reach that would endanger Japan, as well as other nations.<sup>18</sup>

Although no action has been taken at this writing, CoCom is an ideal mechanism for member governments to use to register their revulsion at the Chinese government's repression of the democracy movement. A reversal of China's recent liberalizing trend can be anticipated. In addition to these weapons programs, China is developing dozens of others, with and without foreign assistance. Virtually all China's missiles, aircraft and electronics systems now contain copied or purchased foreign technology, if not actual foreign components.

## FORCES AND WEAPONS

Nearly all the approximately 5,000 fighter-interceptors of China's air force and navy are effective only in daylight and clear weather. Since they are tightly controlled from the ground, fighters are further limited by poor radar coverage and the vulnerability of radar and communications to electronic countermeasures. The Chinese "hope" to equip their air force with the American-updated Finback-B "around the year 2000," but suspension of the F-8II deal places even that modest goal in doubt.<sup>19</sup>

Although substantially reduced, Chinese ground forces still have two million men and about 12,000 tanks, organized in some 100 main-force divisions, plus reserves and police force units. Ground forces still have glaring vulnerabilities in antitank defense, air defense, chemical-biological defense and logistics. The first CGA helicopter unit, intended to provide transportation and antitank fire-support, was assigned to the Thirty-eighth Army, and went into operation in January, 1988.<sup>20</sup> Its first operational appearance was not auspicious: the new French Gazelle helicopters dropped leaflets on Tiananmen Square during the week before the massacre.

While the navy remains primarily a coastal defense force, it has a modest "blue water" capability. Since 1982, the force of *Jianghu*-class missile frigates has grown from 10 to 22. A new destroyer class is said to be under development. Coastal defenses continue to rely heavily on diesel-electric submarines, mostly copies of the Soviet *Romeo* class. There are supposedly three *Han*-class nuclear attack submarines as well, reportedly fitted with French sonars. Current naval construction plans call for the modernization of at least two-thirds of the *Romeos*, in addition to new classes of diesel-electric and nuclear attack submarines. The experimental

<sup>15</sup>*Christian Science Monitor*, July 16, 1988, pp. 1, 32; and August 4, 1988, p. 9; *The New York Times*, May 12, 1988, p. 18.

<sup>16</sup>*Toronto Globe and Mail*, April 26, 1988, p. 8; and *Defense News*, June 13, 1988, p. 28.

<sup>17</sup>*Xiandai Junshi* (cited as *XDJS*), no. 143 (December, 1988), back section; *Jane's*, November 26, 1988, p. 1325; Christopher F. Foss, "China's Expanding Arms Industry," *Jane's*, November 10, 1988, pp. 1285-1286.

<sup>18</sup>*Jane's*, January 28, 1989, p. 137.

<sup>19</sup>*XDJS*, no. 96 (November, 1984), p. 10; and no. 118 (September, 1986), pp. 2-3.

<sup>20</sup>Bob Hu, "Armed Forces: More Professional and Less Political," *FEER*, March 24, 1988, p. 66.



*Wuhan-class* is a *Romeo*, converted to surface-launch six C-801 missiles, Chinese versions of the French Exocet.<sup>21</sup>

Antisubmarine warfare, long the Achilles' heel of the Chinese navy, is the priority for the submarine and surface fleets. The new frigates are intended for antisubmarine missions, as are the navy's Western-made helicopters. Anti-surface ship weapons include several Silkworm variants and, possibly, ground- and air-launched versions of the C-801.

Rumors about Chinese aircraft carrier development have circulated for several years. China bought the former Australian carrier *H.M.A.S. Melbourne* for scrap in 1985, and has apparently been dismantling it carefully, documenting every step. The Chinese have even asked the Australians if they still have any manuals for the steam catapults. Whatever plans actually existed were reportedly shelved, on economic grounds, at the National People's Congress meeting in March, 1989.

The Chinese navy continues to be a useful diplomatic instrument. It invited the United States Navy flotilla that called at Shanghai in May, 1989, coinciding with Soviet President Mikhail Gorbachev's visit to Beijing. That same month, the first Chinese naval ship ever to call at an American port visited Pearl Harbor.<sup>22</sup>

In China, the nuclear missile program still enjoys high priority, but progress is slow. Multiple independently targeted reentry vehicles (MIRVs) and tactical nuclear weapons are in advanced stages of development. In January, 1987, *People's Daily* announced that the first *Xia-class* nuclear ballistic missile submarine was "operational." Twenty-two months later, this announcement proved to be a case of "predictive truth" when navy headquarters announced the first successful missile launch by a submerged *Xia*. In all probability, China's JL-1 missiles and command-and-control systems are still not truly operational. A handful of long-range DF-4 (CSS-3) and DF-5 (CSS-4) missiles are deployed in mountain caves and silos. The dispersion and concealment of nuclear weapons, plus the mobility of shorter-range missiles, make a successfully preemptive "first strike" against China unlikely.

The Beijing massacre was a terrible setback but not a reversal. Within a year, China will be back on the track of economic reform, opening to the outside world and technical transformation. But the reforms will not regain momentum for years. They will not be held back by conservative leaders, but by the terrible disillusionment, cynicism and fear of the Chinese people. This will cost China in terms of

lost trade and technology.

Military professionalism will be a long-term victim of the current crisis. The PLA officer corps has been thrust back into the political arena after a decade of gradual disengagement. Like all the other reforms, military reform has suffered a terrible setback, but it too will be resumed. By the year 2001, we may well witness reforms in China as unimaginable as the June, 1989, elections in Poland would have been in December, 1981. Eventually, the history of the Beijing Massacre will be rewritten. The Chinese government version of the tragedy will likely make scapegoats of the Twenty-seventh Army (which was not solely responsible) and, possibly, President Yang. The special bond between the PLA and the Chinese people, however, has been destroyed. Neither the passage of time nor the re-writing of history can restore it. ■

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## HUMAN RIGHTS IN CHINA

(Continued from page 276)

counterrevolution in Article 90 of the Criminal Code of the People's Republic of China, which limits it to acts committed with the "goal of overthrowing the political power of the dictatorship of the proletariat and the socialist system," counterrevolution is apparently once again to become a catchall term, encompassing any and all behavior offensive to the Chinese leadership. As a result, students who campaigned for greater freedom of expression, for an end to corruption and for modest improvements in the treatment of intellectuals can be charged with "counterrevolution," despite the fact that they never called for the overthrow of the government or the Communist party.<sup>15</sup>

The unfortunate return to the terminology of "counterrevolution" occurred very shortly after a recent reconsideration of its continuing validity. In Chinese legal journals, a number of prominent legal theorists and jurists have discussed the difficulty of determining counterrevolutionary intent, the vagueness of the legal definitions and the dampening of political expression caused by the threat of being charged with "counterrevolutionary crime." Yet the possibility of using the provisions of the Criminal Code for just such purposes has persisted, with disastrous consequences for those who take part in a peaceful demonstration. Crimes of counterrevolution can receive the severest sanctions meted out under Chinese criminal law, including the death penalty. Long prison sentences have been the more usual penalty since the end of the Cultural Revolution, and they have also proved devastating

<sup>21</sup>P.D. Jones and J.V.P. Goldrick, "Far Eastern Navies," *U.S. Naval Institute Proceedings*, March, 1987, p. 66.

<sup>22</sup>*FEER*, April 6, 1989, p. 8.

<sup>15</sup>"Student Petition Sets 12 Demands," in *China Daily*, May 4, 1989, p. 4 (list of student demands of the party Central Committee, none of which was "counterrevolutionary").

to those who have received such sentences.<sup>16</sup>

An eerie forewarning of events in Beijing occurred earlier in 1989 when martial law was declared in Lhasa, the capital city of Tibet. Even in the face of condemnation by the United States Senate and the European Parliament, the official Chinese position was that martial law was necessary to protect social order and security, as well as people's lives and property.<sup>17</sup> Yet after a brief flurry of official concern on the part of these foreign legislatures and other observers of international human rights practices, further developments in Tibet were largely ignored.

A few months later, the world's attention shifted to China's capital, Beijing, and a combination of factors—a large resident foreign community, including diplomats and foreign correspondents, Soviet President Mikhail Gorbachev's visit in mid-May, and the spectacle of tens of thousands of university students carrying on a long-lasting protest—kept events there in the limelight long enough for them to capture the popular imagination. Moreover, that combination guaranteed that reasonably objective outsiders would provide extensive coverage of the imposition of martial law and the eventual bloodbath. What the world might have only suspected about Lhasa it saw clearly in Beijing. Despite the Chinese government's subsequent denials and attempts to twist the truth, the foreign press corps provided graphic evidence of the Tiananmen Massacre.

The major danger today is that in reaction to such honest reporting, the Chinese government may act either to limit the access of foreign journalists to newsworthy events in China or to exclude

<sup>16</sup>The cases of Wei Jingsheng and Xu Wenli, who were involved with the democracy movement of the late 1970's, demonstrate a willingness on the part of the Chinese leadership to imprison dissidents for long terms and to treat them harshly. Amnesty International, *Report: 1988* (London: Amnesty International Publications, 1988), p. 155.

<sup>17</sup>She Duanzhi, "Human Rights Abuse or Prejudice?" *Beijing Review*, April 10–16, 1989, p. 18, rejects resolutions on the "so-called Tibet question" as founded on "ignorance and prejudice towards the People's Republic of China," and "professional slander from those hostile to China."

<sup>18</sup>Two American reporters, one from the Voice of America and the other from the Associated Press, were given 72 hours to leave China in the aftermath of the massacre, largely as punishment for the devastatingly accurate reporting of events in China which they provided.

<sup>19</sup>U.S. Congress, Senate, *Congressional Record*, 101st Cong., 1st Sess., June 8, 1989.

<sup>20</sup>The President's actions were limited to cutting off military sales to China and promising "sympathetic review" of cases of Chinese now in the United States who wished to prolong their stays.

<sup>21</sup>One prominent example is the Chinese Alliance for Democracy, publishers of *Zhongguo zhi Chun* [China Spring]; both the organization and its publication are concerned with human rights issues and the democracy movement in China.

them from China altogether, depriving the rest of the world of this valuable conduit of information and keeping China's human rights violations from outside scrutiny.<sup>18</sup> China's older leaders may remember that at least during the Cultural Revolution, there was little outcry from the rest of the world over what was occurring in China since so few knew about it.

A number of actions should maintain the pressure on the Chinese government initiated by the worldwide reaction to the Tiananmen Massacre. At one extreme is the act introduced in the United States Congress by Senator Jesse Helms (D., N.C.) on June 8, 1989, the "Democracy, Liberty and Justice in the People's Republic of China Act of 1989."<sup>19</sup>

The act calls for severe sanctions unless the Chinese government stops using violence against its citizens, lifts martial law and "makes significant progress in providing for democracy, liberty and justice in Tibet and the People's Republic of China." Sanctions would include the suspension of United States assistance, trade benefits and commercial relations, limitations on imports from China, suspension of military cooperation between the United States and China, suspension of cooperation in science and technology, and sympathetic treatment of requests by students from China and Tibet to remain in the United States. In a number of ways, this act would reinforce and extend actions taken by United States President George Bush immediately after the Tiananmen Massacre in June.<sup>20</sup>

On the other hand, there is growing support both inside and outside China for a human rights movement that is truly indigenous—Chinese in its inspiration, in its leadership and, most important, in its base of support. Organizations that had attempted to establish themselves abroad in sympathy with the struggle for human rights in China now have an obvious mission to sustain their growth.<sup>21</sup> Support from the overseas Chinese diaspora has materialized spontaneously, most notably in Hong Kong, where fears about human rights abuses in mainland China raise disturbing questions about Chinese rule of Hong Kong after 1997. Chinese communities around the world, long apolitical, have rallied to the cause of their fellow Chinese in the People's Republic. Their familial, cultural and economic ties, strengthened by the past decade of relative openness, have heightened their concern about recent events.

The considerable attention focused on Chinese concern for human rights by millions of Chinese in 1989 should forever put to rest the canard that human rights are solely a Western concept alien to Chinese culture. In the history of this era, democ-

racy and human rights will prove to be central issues. The role of a few fearless students calling for change will long be remembered, together with the May Fourth Movement that began in 1919, as pivotal in China's modern history. ■

## CHINESE FOREIGN POLICY

(Continued from page 264)

For Soviet leaders like Gorbachev, the Chinese counterrevolution represents an actual worst-case scenario of what could happen if reforms fail. Yet Gorbachev can only hint at what he may really think about the crackdown in China to avoid jeopardizing the newly won gains in Sino-Soviet relations. The principles on which Sino-Soviet normalization was based include noninterference in each other's internal affairs.

From the perspective of the Chinese leadership, the 1990's may be a particularly appropriate time to increase the level of China's interaction with the Soviet Union in many areas. There is considerable scope for the expansion of Sino-Soviet trade and for various kinds of economic cooperation, including joint ventures in China and in Siberia. Furthermore, in the unlikely event that additional trade sanctions are imposed on China by the West, the Soviet Union could become an even more important economic partner, serving as a conduit for the transfer of otherwise unavailable technology from the West. Experts, teachers and technical specialists from the Soviet Union and East Europe might at least partially replace the Western experts who have assisted Chinese development over the past decade.

Conservative Chinese reformers like Prime Minister Li, who was himself educated in the Soviet Union, have tended to see the Soviet Union as less of a threat than the West to the authoritarian cultural and political values of socialist China. But these leaders vastly underestimate the extent to which contemporary Soviet culture itself moves to the beat of Western rhythms; the middle and younger generations of Soviet society aspire to the individualism and consumerism of Western values and lifestyles. From the perspective of the Chinese Communist elite, a new influx of Soviet specialists, teachers and students might exercise just as corrosive a cultural influence on China as did their Western counterparts in the 1980's. Moreover, as previously suggested, the experience of the Soviet Union, to say nothing of Poland and Hungary, in the transition from Leninism toward democratic socialism might be considerably more relevant and useful in the resurgence of Chinese democracy than the abstract

democratic values and political inexperience that most Westerners bring to China.

The normalization of Sino-Soviet relations corrects the imbalance in Chinese foreign relations created during the late 1970's and early 1980's when China was in de facto alignment with the West. Whatever the internal character of the Chinese regime, Beijing will seek to preserve a certain balance in its relations with the United States and the Soviet Union. This balance enables China to play an independent role in world politics as it slowly makes the transition from the status of a large Asian regional power to that of an emerging great power in the international system.

Within the past year, China has made considerable progress toward reducing tension with India and Indonesia, two Asian nations with whom relations had long been strained. A modest start was also made in overcoming more than a decade of hostility toward Vietnam, centering on the issue of Cambodia. Beijing further consolidated its economic and political relations with Japan and increased trade with South Korea.

China's top leaders greeted Indian Prime Minister Rajiv Gandhi in Beijing on December 19-23, 1988, for the first Sino-Indian summit meeting in 30 years. The two sides signed several cultural and scientific exchange agreements; they also agreed to increase bilateral trade and other economic relations. Even more significant was the establishment of a joint working group to deal with their long-standing border dispute. The group was charged with the task of achieving a "fair and reasonable settlement" within a two-to-three-year period. Since the summit, there has been a definite increase in Sino-Indian cooperative contacts, and along their mutual border there has been no repetition of the war scare of 1986-1987. Given the Dalai Lama's presence in northern India and China's ongoing troubles in Tibet, some tension persists between Beijing and New Delhi. It remains to be seen whether the joint working group can accomplish its mission. Nonetheless, Sino-Indian relations are in better shape than they have been for several decades.<sup>16</sup> This has been accomplished without jeopardizing China's long-standing relationship with Pakistan, whose new Prime Minister, Benazir Bhutto, continues to view China as a vital element in her nation's security arrangements.

Early in 1989, China and Indonesia agreed to exchange ambassadors after a hiatus of more than 20 years. President Suharto of Indonesia was apparently satisfied with China's assurances that it would not interfere in Indonesian internal affairs, as he believed it had interfered during the 1965 confrontation between the Indonesian Army and the Communist party of Indonesia.<sup>17</sup> It will be interesting to

<sup>16</sup>See Surgit Mansingh and Steven I. Levine, "China and India: Moving Beyond Confrontation," *Problems of Communism*, vol. 38, nos. 2-3 (March/June, 1989), pp. 30-49.

<sup>17</sup>*Christian Science Monitor*, March 14, 1989, p. 6.



see whether China's relations with the other ASEAN states will be negatively affected by a potential solution of the Cambodian issue, and what attitude China will take toward Vietnam if Hanoi completes the withdrawal of its forces from Cambodia as scheduled.

Elsewhere in Asia, Chinese policy has become increasingly focused on economic issues. In recent years, even in the absence of diplomatic relations, South Korea has become an important trading partner of China's, and this trend is likely to continue.<sup>18</sup> China has seen Japan not only as its most important trading partner, but also as a major source of development assistance, advanced technology and investment funds.<sup>19</sup> In August, 1988, Japanese Prime Minister Noboru Takeshita made a major new aid commitment to China for the period 1990-1995. However, Japanese business circles remain skittish about the potential for political instability in China; their caution may increase at least in the near term because of the upheavals of April-June, 1989.

Moments of political upheaval in any country serve as a reminder of the intimate connection between domestic politics and foreign policy. The Chinese case is no exception. The uncertainty of China's political future, even though it is temporarily masked by the reimposition of a repressive regime, inevitably raises questions about China's foreign policy. For a number of reasons, China's relations with its Asian neighbors are least likely to be affected by the recent political turmoil, except for a possible slowdown in Sino-Japanese economic relations. The fruits of Sino-Soviet normalization are only now beginning to be harvested, and it is unlikely that either Beijing or Moscow will jeopardize that harvest.

The real questions pertain to China's relations with the Western world. In the West, political values and democratic public opinion make it difficult for governments and business interests to pursue their strategic and economic objectives in China as if nothing happened in June, 1989. Yet Beijing can be expected to encourage a "business-as-usual" attitude on the part of its Western partners. Both sides are aware that the success of China's modernization efforts depends in part on substantial infusions of advanced technology, capital and knowledge from abroad. Whether this is the proper moment for Americans and other Westerners to provide the current regime with the means to resolve its formidable economic problems is a question that urgently demands consideration. ■

<sup>18</sup>See *China Business Review*, vol. 16, no. 1 (January-February, 1989), pp. 38-48, for an informative discussion.

<sup>19</sup>See Laura Newby, *Sino-Japanese Relations: China's Perspective* (London and New York: Routledge, 1988), pp. 5-47.

## CHINA'S POLITICS

(Continued from page 260)

In late April, Zhao returned from North Korea, where he had been on a state visit since Hu's funeral, and began to advocate a more conciliatory line toward the students. Hu Qili, a member of the Politburo standing committee, told newspapers they could report the actual state of affairs. Government officials met with the students in an effort to diffuse the situation, but no resolution of the growing crisis appeared.

At this point, foreign policy developments narrowed the range of options available to the leadership, allowing the protests to build. Shirley Kuo, the finance minister of Taiwan, arrived in Beijing on May 1 to attend a meeting of the Asian Development Bank. Soviet President Mikhail Gorbachev was due to arrive in China for the Sino-Soviet summit on May 15. It would have been highly embarrassing for the Chinese government to crack down on protesters while these foreign visitors were in the country, especially in the light of the extensive media coverage both visits engendered.

On May 4 (the seventieth anniversary of 1919 May 4th Movement, when students took to the streets of Beijing to protest government policy) about 100,000 people marched into the center of Beijing; workers, upset by inflation and corruption, joined the students. Zhao again urged a conciliatory line and suggested that dialogue continue between the government and the demonstrators.

Between May 4 and May 13, the protest appeared to calm down. Many students ended their class boycotts, and only small marches into central Beijing occurred. The focus of protest shifted temporarily. Yet the relative quiet among the students was deceptive. An independent student organization was developing, and students had decided to stage another round of demonstrations to coincide with Gorbachev's arrival in Beijing.

In an effort to forestall the embarrassment of thousands of protesters hailing Gorbachev, Chinese authorities apparently planned to close Tiananmen Square on Sunday, May 14, the day before his arrival. Students heard about this, and 20,000 assembled in the square, preventing the police from acting. More important, more than 1,000 students began a hunger strike in an effort to force the leadership to act on their demands.

The hunger strike and Gorbachev's visit galvanized the people of Beijing and most other cities. An independent workers union began to form (analogous to Solidarity in Poland), joining the autonomous student association. On the first day of the Gorbachev visit, there were 100,000 people in Tiananmen, and by May 18, more than 1 million

had joined in the demonstrations. The government was in a crisis that was worsening as the hunger strikers' physical condition deteriorated.

Zhao proved unable to rally a consensus around his moderate position, and he apparently offered to resign as party General Secretary. He made one last attempt to alter his weakening position on the early morning of May 19, when he went to visit students in the square. This was his last public appearance.

The students knew that Zhao supported their position, and they saw Li and Deng as the principle obstacles to democratic reform. Increasingly, the crowds called for their resignations. Zhao's support weakened after Gorbachev's departure, and Li declared martial law on May 19. Li was backed by China's octogenarian President Yang Shangkun, a key military leader.

The declaration of martial law sharpened the crisis. En masse, the people of Beijing moved to the streets to make the entrance of troops into the city impossible. The inability of the military to stem the demonstrations revived the leadership struggle. But by May 25, Li's position had solidified and Zhao was clearly out of power.\* Tiananmen Square and most of Beijing was under the control of the people, not the government, and there were demonstrations in many other areas as well.

Yet popular mobilization could not be sustained. The number of people on the street and in the square declined. Many Beijing-based students returned to their campuses, with students from other parts of the country moving to take their places. Some students erected a "goddess of democracy and liberty" statue in the square, based on the American Statue of Liberty.

On the evening of June 3 and in the early morning of June 4, troops moved into the city. The Twenty-seventh Army, with close ties to Yang Shangkun, met the people in the streets, and when the soldiers faced resistance, they opened fire on unarmed crowds. The people struggled to hold the army back, and the military absorbed many casualties and equipment losses. But people armed only with rocks and molotov cocktails cannot stand up to tanks, and by the morning of June 4, troops occupied Tiananmen Square. Since then, martial law has been ruthlessly enforced throughout China. The civilian death toll may never be known. It is probable that at least 2,000 people were killed and about 10,000 wounded. Many of the civilian casualties in Beijing were innocent bystanders, wantonly killed by the troops.

\*On June 24, 1989, Zhao was officially dismissed from all his posts in the Communist party, including that of General Secretary. His successor, Jiang Zemin, is the former mayor of Shanghai.

In the first few days after the bloodshed, there were rumors of near civil war between different army units, but nothing definite developed. A harsh crackdown on protesters followed, with more than 1,000 people arrested. The top leadership reappeared, with the exception of Zhao and Hu Qili, and Deng took "credit" for ordering the army into action. The official media is denying that anyone was killed in Tiananmen Square, claiming that altogether only 200 people were killed (half of them soldiers) and that troops only acted in self-defense. The government charges that the demonstrations were an attempt to overthrow the Chinese Communist party. Anyone who disputes this palpably false version of events is subject to arrest. On the surface, order has been restored and hard-liners, many in their eighties, are in control of the government.

## THE LOSS OF LEGITIMACY

The Chinese government's brutal suppression of widespread popular demonstrations for political reform, the huge numbers of people involved in the demonstrations and the demands that many Chinese leaders resign all suggest that most urban Chinese see the rule of the Chinese Communist party as illegitimate. The party's actions and alleged illegitimacy raise fundamental questions about China's future. Deng has now seen two chosen successors (Hu Yaobang and Zhao Ziyang) deposed over the last three years. The failure to sustain succession arrangements suggests that the post-Deng succession may well be a source of great political conflict.

Moreover, the recent crisis revealed that despite the promotion of better educated, younger leaders, power is still in the hands of about a dozen senior leaders, all with doubts about the wisdom of economic reform and all with profound distrust of political reform. Their position in China's revolutionary history gives them a certain unassailable position, but they cannot live much longer. In short, political conflict among the leadership will continue and the fragile institutions designed to control this conflict have been destroyed.

Political conflict will be exacerbated by problems with the military. Until 1989, one of Deng Xiaoping's great achievements had been his efforts to remove the Chinese military from politics. The army, too, had become younger and more professionalized. But the army's suppression of the demonstrations reveals that it holds the key to political power in China. As long as the military is willing to attack Chinese citizens, the current state cannot be overthrown. Yet the military has its reformers, as well as its conservatives, and its loyalty to the party leadership in the event of future demonstrations is

*(Continued on page 320)*

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# FOUR MONTHS IN REVIEW

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*A Current History chronology covering the most important events of April, May, June and July, 1989, to provide a day-by-day summary of world affairs.*

**April, 1989**

## INTERNATIONAL

### Arms Control

(See *U.S.S.R.*)

### Central American Peace Plan

April 4—Costa Rican President Oscar Arias Sánchez meets with U.S. President George Bush; Arias lauds Bush's support for the Central American peace plan.

### General Agreement on Tariffs and Trade (GATT)

April 7—Meeting in Geneva, GATT negotiators agree in principle to freeze subsidies on farm products, to hold import barriers at present levels and to make further reductions in these categories in 1990; the agreements are not trade accords, but provide a framework for further negotiations.

### Group of Seven

April 2—In Washington, D.C., the representatives of the Group of Seven industrialized democracies meet and warn the world community that a further rise in the value of the dollar would threaten world currency stability.

### International Monetary Fund (IMF)

(See also *Jordan*)

April 3—The IMF predicts an increase in the U.S. foreign trade deficit in the next year and says that efforts to reduce the U.S. budget deficit are at a standstill.

April 4—The IMF approves an effort to eliminate \$1.3 trillion in 3d world debt by reducing the \$350 billion owned to commercial banks by 20 percent over a 3-year period.

April 11—The IMF reaches a tentative agreement to lend Mexico \$3.6 billion to aid it in restructuring its economy; the U.S. is a principal backer of the accord.

### Iran-Iraq War

April 23—In Geneva, Iranian and Iraqi negotiators end a round of peace negotiations under the aegis of the UN; negotiations are expected to resume in June.

### North Atlantic Treaty Organization (NATO)

(See *Germany, West*)

### Palestine Liberation Organization (PLO)

(See also *Israel*)

April 2—In Tunis, Yasir Arafat is elected president of the self-proclaimed Palestinian state; representatives of the PLO Central Committee and the Palestine National Council approve Arafat unanimously.

### Southwestern Africa Peace Plan

April 1—On the 1st day of Namibian independence, South African authorities report that 38 SWAPO (South West Africa People's Organization) guerrillas have been killed in fighting with territorial police along the Angolan border.

April 2—South Africa stops the demobilization of its territorial police force in Namibia; according to South Africa, 120 guerrillas and 20 policemen have been killed since April 1.

April 3—International observers confirm a "major incursion" by guerrillas into northern Namibia in the last several days.

April 4—In a letter to UN Secretary General Javier Pérez de

Cuellar, South African Foreign Minister Roelof Botha threatens to block Namibian independence unless the UN forces the SWAPO guerrillas from Namibia.

April 9—Cuba, South Africa and Angola agree that the 1,600 SWAPO guerrillas who infiltrated Namibia since April 1 will return to their bases in Angola within 6 days. The withdrawal will take place under the aegis of the UN.

April 10—The UN sends monitoring forces to Angola to supervise the guerrillas returning from Namibia.

April 11—SWAPO guerrillas fail to appear at checkpoints at the Namibian border.

### United Nations (UN)

(See also *Intl, Southwestern Africa Peace Plan; Sudan*)

April 4—In Rome at a meeting of the Committee on World Food Security, director of the UN Food and Agriculture Organization Edouard Saouma reports that 3 years of inadequate harvests worldwide have left impoverished countries in danger of starvation; food costs are increasing sharply.

## AFGHANISTAN

(See also *Pakistan*)

April 23—The government claims that 277 people have been killed in rebel rocket attacks against Jalalabad and 4 other cities today.

## ANGOLA

(See *Intl, Southwestern Africa Peace Plan*)

## BRAZIL

April 6—A \$100-million, 5-year program to preserve 1.9 million square miles of Amazonian rain forest is announced by President José Sarney.

## CAMBODIA

April 2—A Cambodian opposition leader, Prince Norodom Sihanouk, issues a statement saying that he has accepted an invitation to meet with Hun Sen, the Prime Minister of the Vietnamese-backed Cambodian government, and to return to negotiations to resolve the Cambodian conflict.

## CHINA

(See also *Taiwan*)

April 7—Chen Jun, a prominent dissident, is expelled from China. Earlier this year Chen founded Amnesty 89, an organization seeking amnesty for political prisoners.

April 15—Hu Yaobang, who was the General Secretary of the Communist party from February, 1980, to January, 1987, dies after a heart attack suffered on April 8.

April 18—Students in Beijing stage a demonstration mourning Hu and demanding a more democratic government and a freer press. The students also call for a reassessment of Hu, who was forced to resign for his handling of student dissent and other political opposition.

April 19—Continuing demonstrations by 10,000 students include a 5-hour sit-in at the gates of party headquarters in Beijing. Troops block several thousand students who are trying to force their way into the Zhongnanhai compound.



April 22—Defying the ban on public protests, over 100,000 students and others rally in Tiananmen Square in Beijing, as officials attend Hu's funeral. In addition to student protests at universities in Beijing and Tianjin, riots break out in Changsha and Xian.

April 25—Students begin a boycott of classes, which is expected to last until May 4, the 70th anniversary of historically important student demonstrations in 1919. The students send delegations to factories to solicit support from workers.

April 26—A day after banning the *World Economic Herald*, the Communist party dismisses the paper's editor, Qin Benli, and announces the reorganization of the outspoken newspaper.

April 27—Despite government warnings and the presence of army troops, over 150,000 demonstrators march for 14 hours through Beijing, repeatedly breaking through the lines of police set up to stop them. The demonstrators are cheered on by workers along the 4-mile-long route to Tiananmen. By the end of the day, the government has conditionally agreed to their demand for discussions.

April 29—Government officials meet informally with students and answer questions on corruption, brutality to demonstrators and national leadership. The discussions are televised.

### **COSTA RICA**

(See *Intl, Central American Peace Plan*)

### **CUBA**

(See also *Intl, Southwestern Africa Peace Plan*)

April 2—Soviet President Mikhail Gorbachev arrives in Havana for the start of a 3-day visit to Cuba.

April 3—President Fidel Castro meets with Gorbachev; they discuss Latin American debt and the drug problem.

April 4—At the end of Gorbachev's visit, Cuba and the Soviet Union sign a friendship treaty that condemns force as a foreign policy instrument.

### **DOMINICAN REPUBLIC**

(See *Haiti*)

### **EGYPT**

(See also *Jordan; U.S., Foreign Policy*)

April 1—Egyptian President Hosni Mubarak refuses an invitation by Israeli Prime Minister Yitzhak Shamir to meet in Washington, D.C.; in the next several days, Mubarak and Shamir will meet separately with U.S. President George Bush.

April 15—President Mubarak removes Field Marshal Abdel Halim Abu Ghalaza as defense minister, appointing him as presidential assistant; the appointment is viewed as a demotion for Abu Ghalaza, the 2d most powerful figure in Egypt.

April 16—According to Egyptian journalists, Abu Ghalaza's removal may have been tied to recent clandestine Egyptian efforts to obtain missile parts from the U.S.

April 26—In a crackdown on Islamic fundamentalists, 1,500 Muslims are detained by government forces; the arrests come after a violent clash between Muslims and police on April 7 in Fayoum.

### **EL SALVADOR**

(See also *U.S., Foreign Policy*)

April 19—Attorney General Roberto García Alvarado, a high-ranking member of the Arena (National Republican Alliance) party, is killed when a bomb destroys his car.

### **GERMANY, WEST**

(See also *U.S., Foreign Policy*)

April 13—Chancellor Helmut Kohl realigns his Cabinet, nam-

ing a new defense minister and a new finance minister.

April 19—*The New York Times* reports that the U.S. and Great Britain have agreed not to pressure Chancellor Kohl's government about the deployment of short-range missiles in West Germany until after Germany's general elections in December, 1990.

April 20—In a surprise move, West Germany raises its interest rates, triggering adverse reactions on world stock and bond markets.

April 27—Chancellor Kohl introduces his new disarmament policy to Parliament; the policy, which is designed to improve Kohl's electoral appeal, runs counter to NATO plans.

### **GREECE**

April 13—George Louvaris, a close friend of Prime Minister Andreas Papandreu's, is imprisoned for handling millions of dollars in illegal payoffs; Louvaris is the 10th person arrested in connection with the scandal involving government officials and banker George Koskotas.

### **HAITI**

April 2—The Haitian government says that it has stopped an attempt by army officers to oust Haiti's leader, Lieutenant General Prosper Avril.

April 4—News reports indicate that the 3 leaders of the coup attempt are being deported to the Dominican Republic.

April 5—Outraged soldiers ask for Avril's resignation, threatening to storm the presidential palace if he declines to quit. The government calls a curfew in Port-au-Prince.

April 9—Rebellious troops end 5 days of fighting with government forces; at least 30 soldiers and 5 civilians have been killed in the attempted coup.

### **HUNGARY**

April 12—Janos Brecz, the Hungarian Communist party's chief ideologist, is dismissed from the Politburo, along with 3 other Politburo members.

### **INDIA**

April 21—The government and legislature of Karnataka state, which is dominated by the opposition People's party, is dismissed by Prime Minister Rajiv Gandhi.

### **IRAN**

(See also *Intl, Iran-Iraq War*)

April 21—The Iranian government announces that it has discovered a (U.S.) Central Intelligence Agency espionage ring that gave military secrets to the U.S. during the Iran-Iraq War. A spokesman for U.S. President Bush denies any knowledge of such an operation.

### **IRAQ**

(See *Intl, Iran-Iraq War*)

### **ISRAEL**

(See also *Egypt; Jordan; U.S., Foreign Policy*)

April 1—According to a poll commissioned by *The New York Times*, only 18 percent of all Israelis think that Israel should enter into immediate peace talks with the PLO.

April 6—Meeting with U.S. President George Bush in Washington, D.C., Prime Minister Yitzhak Shamir proposes elections in the West Bank and Gaza. Prime Minister Shamir repeats his claim that these Israeli supervised elections can occur only after all violence ends in the occupied territories.

April 12—Rabbi Moshe Levinger, the leader of the Israeli settlers' movement in the occupied territories, is indicted for killing a Palestinian in September, 1988. Levinger fired at several shops after he was stoned by a group of Palestinians.

Israeli authorities capture 4 Palestinians who are regarded as leaders in the *intifada* (uprising) in the occupied territories.  
 April 17—Israeli soldiers kill 5 Palestinians in fighting in the occupied territories; this is the 2d highest single-day death toll since the *intifada* began in December, 1987.

## JAPAN

(See also *U.S., Foreign Policy*)

April 4—The *Wall Street Journal* reports that T. Boone Pickens Jr. has bought a substantial minority stake in Koito Manufacturing Company, an automotive-parts maker that is one of Toyota's largest suppliers. With 20.2 percent of the stock, Pickens is the single largest shareholder. Toyota owns about 19 percent of the stock.  
 April 11—Prime Minister Noboru Takeshita vows he will not resign from office in the wake of the Recruit Cosmos stock scandal.  
 April 18—Koito Manufacturing Company executives meet with Pickens in their first face-to-face encounter. Pickens denies he plans a hostile takeover.  
 April 25—Takeshita announces his resignation, taking "responsibility for the spread of political distrust." He favors Masayoshi Ito as his successor.  
 April 26—Ito says he will not accept the position as Prime Minister because of his health and because his party needs a younger leader.  
 Ihei Aoki, one of Takeshita's closest aides, commits suicide.  
 April 27—Koito Manufacturing Company refuses Pickens's request for a seat on the board of directors.

## JORDAN

April 12—Egyptian President Hosni Mubarak visits King Hussein in Amman; the 2 leaders discuss Israel's latest offers to encourage peace in the Israeli-occupied territories of the West Bank and the Gaza Strip.  
 April 19—In Washington, D.C., King Hussein tells U.S. President George Bush that Jordan objects to Israeli Prime Minister Shamir's election plans for the Israeli-occupied territories.  
 Riots in southern Jordan kill 5 people; the violence was triggered by the government's April 18 announcement of price increases in line with IMF-sponsored austerity measures.  
 April 20—After talking with U.S. Secretary of State James Baker 3d, King Hussein modifies his stand on elections in the occupied territories, giving limited support to Shamir's proposals.  
 April 21—Price riots continue as 5 banks are destroyed by protesters.  
 April 24—Prime Minister Zaid Rifai resigns; King Hussein calls for elections for the 1st time in 22 years.

## KOREA, NORTH

(See *Korea, South*)

## KOREA, SOUTH

April 3—Reverend Moon Ik Hwan travels to North Korea and endorses North Korean President Kim Il Sung's reunification plan.  
 April 14—The arrest of Reverend Moon in Seoul touches off student protests; police detain about 1,000 demonstrators.  
 April 18—Two negotiating sessions on reunification are canceled by North Korea in reaction to Reverend Moon's arrest.  
 April 19—175 striking workers are arrested by riot police as part of a government crackdown on labor unrest.  
 April 25—Kim Hyun Hui, who blew up a South Korean airliner in 1987, killing 115 people in an attempt to disrupt the 1988

Olympic Games in Seoul, is sentenced to death. The South Korean government considers her a pawn of North Korean Communists and is likely to reduce the sentence quietly.  
 April 30—Riot police trying to block a May Day rally by militant labor groups are attacked by students and workers.

## LEBANON

April 2—At least 11 people die as Syrian forces and Christian militias engage in an artillery battle in Beirut.  
 April 3—Artillery exchanges continue in Beirut between Christian and Muslim militias; 12 more people are killed.  
 April 12—Another artillery battle in Beirut leaves 12 people dead; the death toll in the fighting, which began in March, now stands at 167.  
 April 16—During an artillery battle in Beirut, 17 people, including Spain's ambassador to Lebanon, are killed.

## MAURITANIA

(See *Senegal*)

## MEXICO

(See also *Intl, IMF*)

April 8—Alleged Mexican cocaine kingpin Miguel Angel Félix Gallardo is arrested in Guadalajara. Simultaneously, soldiers round up almost the entire police force of Culiacán, the capital of Sinaloa state and Félix Gallardo's hometown.

## NAMIBIA

(See *Intl, Southwestern Africa Peace Plan*)

## NICARAGUA

(See *U.S., Legislation*)

## NORWAY

(See *U.S.S.R.*)

## PAKISTAN

April 23—The *New York Times* reports that at a meeting of Pakistani government officials on March 5 (also attended by the U.S. ambassador), the Pakistani government ordered Afghan resistance forces to lay siege to the Afghan city of Jalalabad.  
 Pakistan denies reports that it ordered the Afghan resistance to attack Jalalabad.

## PANAMA

(See *U.S., Foreign Policy*)

## PHILIPPINES

(See also *U.S., Foreign Policy*)

April 16—In a statement to news organizations, Communist rebels urge President Corazon Aquino to remove the U.S. military bases from the Philippines. The rebels say the U.S. will "pay dearly" for its presence in the Philippines.  
 April 30—Members of the Communist-led National People's party shoot and kill 2 of Aquino's security guards.

## POLAND

(See also *U.S., Foreign Policy*)

April 5—Government officials and representatives of the Solidarity labor union sign agreements calling for the legalization of Solidarity and open elections for Parliament in June. Solidarity has been banned by the Polish government since 1980.  
 April 7—The Parliament endorses laws that restore Solidarity and allow for open elections.  
 April 17—A provincial court officially restores the legality of the Solidarity labor union.

April 18—For the 1st time since November, 1981, Poland's President, General Wojciech Jaruzelski, and Solidarity leader Lech Walesa meet.

## SENEGAL

April 28—A nationwide state of emergency is declared and a curfew is imposed in Dakar after rioters kill 25 Mauritians. The protesters were incensed by reports that several 100 Senegalese were hacked to death in several days of ethnic violence in Mauritania.

## SOUTH AFRICA

(See also *Intl, Southwestern Africa Peace Plan; U.S., Economy*)

April 6—Speaking to Parliament, President P.W. Botha says he will resign from the presidency after general elections are held before the end of 1989.

April 8—The Democratic party, a coalition of white anti-apartheid parties, has its 1st official meeting in Johannesburg. It will hold 20 seats in South Africa's 178-seat all-white Parliament.

April 24—A Rand Supreme Court judge acquits 5 blacks of attempting to undermine the government. The defendants had established antiapartheid organizations that the government claimed usurped the functions of local government organizations.

## SPAIN

(See *Lebanon*)

## SRI LANKA

April 12—President Ranasinghe Premadasa announces a one-week cease-fire in the Tamil-Sinhalese conflict; the cease-fire is immediately rejected by the largest group of Tamil guerrillas.

April 13—A car bomb planted by Tamil separatist guerrillas explodes, killing at least 45 and wounding 56. Most of the victims are Sinhalese.

April 15—Tamil militarists kill 21 Sri Lankan soldiers escorting Sinhalese laborers.

## SWEDEN

April 5—Swedish officials say that Carl Gustav Pettersson will be charged with the 1986 murder of Prime Minister Olof Palme; Pettersson has been in detention since December, 1988.

## SUDAN

April 18—The head of the UN relief effort in Sudan says that logistical and political factors will prevent famine-relief material from reaching southern Sudan until late June; the effort had been scheduled for completion before heavy mid-May rains cut the region off from supplies. Over 250,000 people died from hunger in southern Sudan in 1988.

## SYRIA

(See *Lebanon*)

## TAIWAN

April 6—Taiwan announces that Finance Minister Shirley Kuo will head the first official delegation from Taiwan to Beijing. Kuo, a graduate of the Massachusetts Institute of Technology, will attend the annual meeting of the Asian Development Bank that begins May 4. The Taiwanese Foreign Ministry says that the delegates will have no contact with mainland Chinese authorities in Beijing.

April 14—Justice Minister Hsiao Tien-tsang says that if China approves a "one China, two-governments" formula, Taiwan will relinquish its vow to retake the mainland by force.

## U.S.S.R.

(See also *Cuba; U.K., Great Britain; U.S., Administration, Foreign Policy*)

April 5—The Soviet government finally allows the reprinting of First Secretary Nikita Khrushchev's historic 1956 speech to the 20th Communist party Congress denouncing General Secretary Josef Stalin.

April 7—A nuclear-powered Soviet submarine sinks off the coast of Norway.

Soldiers and armored personnel carriers are deployed in an effort to halt ethnic demonstrations in Tbilisi, Georgia's capital. More than 100,000 people demonstrate in front of the province's Communist party and government headquarters.

April 8—Defense Minister Dmitri Yazov says that there is no danger of contamination from the nuclear reactor or nuclear weapons on the submarine that sank April 7.

April 9—Demonstrators in Tbilisi are attacked by riot police after they refuse to disperse; at least 20 people are killed and 700 are wounded.

The government reports that 42 sailors perished in the submarine sinking off Norway.

April 10—Dissident physicist Andrei Sakharov wins the support of the Academy of Sciences as one of its delegates to the Congress of People's Deputies.

The government announces that historian Roy Medvedev won a seat to the Congress in the March general elections.

April 12—Sugar is rationed in Moscow for the 1st time since World War II.

April 14—At a special meeting of Georgia's Communist party, Foreign Minister Eduard Shevardnadze says there was "no justification" for the deaths in the recent violence in Tbilisi. The leader of the Georgian Communist party, Dzhumbar Patiashvili, resigns at the end of the session.

April 19—The government newspaper *Izvestia* reports that the official committee investigating the April 9 incident in Tbilisi believes that soldiers used toxic gas.

April 21—Videotapes of the confrontation in Tbilisi conflict with official accounts. The military claims that soldiers were provoked by demonstrators and that most of those killed were crushed by a panicked crowd. The tapes show that soldiers attacked nonviolent protesters with shovels, clubs and gas canisters.

April 24—Members of the commission investigating the Tbilisi incident say that 14 of the 20 fatalities were probably caused by poison gas.

April 25—The Communist party purges 110 inactive party members from the Central Committee.

## UNITED KINGDOM

### Great Britain

(See also *Germany, West*)

April 5—Soviet President Mikhail Gorbachev arrives in London for talks with British Prime Minister Margaret Thatcher.

April 7—Ending his stay in Great Britain, Gorbachev says that the Soviet Union will stop producing enriched uranium and will curtail production of enriched plutonium, 2 key elements used in the manufacture of nuclear weapons.

April 15—In Sheffield, 93 people are crushed to death when a section of a soccer stadium is overcrowded by spectators.

## UNITED STATES

### Administration

April 3—Transportation Secretary Samuel Skinner announces new regulations for airlines to ensure their prompt response to terrorist threats; the administration will not make such threats public.



Alaskan officials ban herring fishing in Prince William Sound because of the oil spill caused by the *Exxon Valdez* accident.

April 5—The Immigration and Naturalization Service sends legislation to Congress for approval that will permit the entry over the next 5 years of as many as 150,000 additional immigrants; many of them will come from the Soviet Union.

April 7—President Bush promises to send troops and equipment and offer other aid to assist in cleaning up the March 24 Alaskan oil spill.

April 12—President Bush proposes new and more rigid ethics legislation to Congress.

April 14—In a White House ceremony, President Bush and congressional leaders announce a budget framework for fiscal 1990; military spending will be reduced and expenditures for some domestic programs will be increased.

April 20—President Bush names nuclear physicist D. Allan Bromley as science adviser to the President.

April 21—According to administration officials, President Bush plans to develop a force of mobile MX missiles on railroad cars and to continue the development of the Midgetman missiles.

April 23—Controller General Charles Bowsher says that the fiscal 1990 budget projections of the administration and Congress "are not real numbers anymore; . . . the budget deficit [situation] is much worse than it is being portrayed."

April 27—In Miami, President Bush calls on U.S. chemical manufacturers to curb the export of chemicals that can be used to manufacture illegal drugs, particularly cocaine.

### Civil Rights

April 9—Some 300,000 pro-choice supporters march in Washington, D.C., to show their support for a woman's right to choose an abortion.

### Economy

April 7—The Labor Department reports that the nation's unemployment rate fell to 4.9 percent in March, the lowest level in 15 years.

April 14—The Labor Department reports that its producer price index rose 0.4 percent in March.

The Commerce Department reports that the U.S. foreign trade deficit was \$10.5 billion in February.

April 18—The Labor Department reports a 0.5 percent rise in its consumer price index for March.

April 26—The Commerce Department reports that the nation's gross national product (GNP) grew at an annual rate of 3 percent in the 1st quarter of 1989, total output was valued at more than \$5 trillion.

April 28—The Commerce Department reports that its index of leading economic indicators fell 0.7 percent in March.

### Foreign Policy

(See also *Inll*, *Central American Peace Plan*, *IMF*; *Egypt*; *Germany*, *West*; *Iran*; *Israel*; *Jordan*; *Pakistan*; *Philippines*)

April 3—President George Bush meets in Washington, D.C., with Egyptian President Hosni Mubarak; they agree that the Israeli occupation of Arab lands should end and that an international peace conference should be held.

April 5—In Washington, D.C., Secretary of State James Baker 3d meets with Israeli Prime Minister Yitzhak Shamir.

April 7—President Bush meets in Washington, D.C., with President-elect Alfredo Cristiani of El Salvador.

April 17—In a speech, President Bush presents a generalized 8-point economic aid program for Poland that will reduce elements of some tariffs on Polish imports and will provide U.S. guaranteed loans to stimulate private investment in Poland.

April 20—Lieutenant Colonel James Rowe is killed by gunmen

in the Philippines; Rowe was part of the U.S. Military Advisory Group with headquarters in Manila.

April 22—Philippine rebels of the New People's Army claim they killed Colonel Rowe.

April 24—After meeting in Washington, D.C., with West German Foreign Minister Hans-Dietrich Genscher and Defense Minister Gerhard Stoltenberg, Secretary of Defense Dick Cheney says that the U.S. will not begin to negotiate with the Soviet Union on reducing battlefield weapons in Europe in the near future; Cheney calls the idea a "dangerous trap."

April 27—President Bush states that Panama's de facto leader General Manuel Antonio Noriega is using violence and fraud to ensure that his hand-picked candidate wins Panama's presidential election on May 7.

April 28—President Bush announces that the U.S. and Japan have agreed to the joint manufacture of the FSX, a modified version of the U.S. F-16 fighter; the project is valued at \$7 billion; U.S. companies will handle 40 percent of the production contracts.

### Labor and Industry

April 6—The Federal Deposit and Insurance Corporation (FDIC) takes control of 38 more savings and loan institutions to bring the total of such institutions under federal control to 215 in 31 states.

April 12—Efforts by Peter Ueberroth to buy strike-ridden and bankrupt Eastern Airlines end; the striking unions refused to compromise their demand for a trustee to oversee the recovery of the company from bankruptcy.

April 13—The Securities and Exchange Commission (SEC) and the brokerage firm of Drexel Burnham Lambert Incorporated agree to settle civil charges involving securities law violations; Drexel agrees to dismiss financier Michael R. Milken and to make changes in its business practices.

In U.S. district court in Alexandria, Teledyne Electronic executives George Kaub and Eugene Sullivan are found guilty of conspiring to defraud the government and of wire fraud; the conviction is the result of a 3-year investigation of Defense Department procurement.

April 28—The Mobil Corporation says it will sell its operations in South Africa, declaring that it has been "seriously affected" by the "very foolish laws" the U.S. has enacted to fight apartheid.

### Legislation

April 13—House Speaker Jim Wright (D., Tex.) vows to defend himself against charges by the House Ethics Committee that he and his wife broke rules on congressional ethics.

The House votes 309 to 110 and the Senate votes 89 to 9 to approve a \$49.7-million aid package for the Nicaraguan contras that will provide humanitarian aid for the contras through February, 1990.

April 16—Wright asks for an early hearing by the House Ethics Committee to answer charges that he violated congressional ethics rules.

April 17—The House Ethics Committee issues a report charging Wright with 69 instances of violating congressional rules and attempting to evade limits on outside income; he is also charged with accepting an illegal \$145,000 in income paid to his wife.

April 18—The House votes 381 to 43 to reject a resolution to disapprove a commission recommendation to close 86 military bases and reduce the size of others; the vote allows Secretary of Defense Dick Cheney to proceed to close the military bases.

### Military

April 19—An explosion and fire in a gun turret on the battleship U.S.S. *Iowa* kill 47 sailors during a practice firing.

### Political Scandal

April 6—In Washington, D.C., former national security adviser Oliver North takes the stand to defend his actions in the Iran-contra affair; he insists that he acted under orders from his superiors.

April 20—In U.S. district court, Judge Gerhard Gesell charges the jury in the North trial and says “neither the President nor any of the defendant’s superiors had the legal authority to order anyone to violate the law.”

### Science and Space

April 12—President Bush names former astronaut Rear Admiral Richard Truly as administrator of the National Aeronautics and Space Agency (NASA).

April 28—Research scientists at the Brookhaven National Laboratory and at Yale University dispute the March 25 statement of 2 scientists in Utah who claim that they achieved nuclear fusion at room temperature. The results have yet to be confirmed by any major U.S. research group.

### Supreme Court

April 3—In a 7-2 decision, the Court upholds a lower court rul-

ing that the constitution permits police detention and questioning of airline passengers whose behavior patterns fall into a “suspicious profile” category.

### URUGUAY

April 16—In a national referendum, 58 percent of the voters agree to amnesty for army personnel who committed political crimes in the 1960’s and 1970’s.

### VIETNAM

(See also *Cambodia*)

April 5—Vietnam officially announces that it will withdraw the rest of its soldiers from Cambodia by the end of September, 1989; however, Vietnam insists that the withdrawal be contingent on the end of all foreign military aid to factions opposing Cambodian Prime Minister Hun Sen.

### YUGOSLAVIA

April 1—In the aftermath of extensive ethnic violence in Kosovo Province, Kosovo’s Communist party leader and 3 members of the Politburo are expelled.

## May, 1989

### INTERNATIONAL

#### Arab Summit

(See also *Lebanon*)

May 14—Syria agrees to allow the participation of Egypt in the Arab summit that will begin in Morocco on May 23. Egypt has been banned from Arab summit talks since it signed a peace treaty with Israel in 1979.

May 23—At the start of the summit, Egyptian President Hosni Mubarak calls for Middle East peace and the withdrawal of all foreign soldiers from Lebanon.

May 25—Syria creates a deadlock at the summit when it refuses to consider withdrawing its troops from Lebanon.

May 26—The Arab summit ends without a resolution of the dispute over Syria’s role in Lebanon. With the exception of Syria and Lebanon, the 22-member league supports Palestine Liberation Organization (PLO) leader Yasir Arafat’s effort to create a Palestinian homeland.

#### Arms Control

(See *Intl, NATO*)

#### Environment

May 2—Meeting in Helsinki, representatives of 80 nations adopt a declaration that favors banning the production of substances that destroy the ozone layer by the year 2000. The measure replaces the September, 1987, Montreal Protocol on ozone destruction.

#### International Terrorism

May 17—In a West German court, Lebanese national Mohammed Ali Hamadei is convicted of hijacking a jet airliner in 1985 and killing an American hostage. Hamadei is sentenced to life imprisonment.

#### North Atlantic Treaty Organization (NATO)

May 11—Soviet President Mikhail Gorbachev meets with U.S. Secretary of State James Baker 3d in Moscow. Gorbachev says that the Soviet Union plans to reduce its nuclear arms in Europe by the end of 1989.

May 13—Soviet Foreign Minister Eduard Shevardnadze says the Soviet Union will develop new weapons or halt the dismantling of its nuclear missiles if NATO enhances its short-range nuclear weapons arsenal in Europe.

May 28—U.S. President George Bush proposes that NATO

reduce American armed personnel in Europe by 10 percent and that aircraft in Europe be included in a conventional arms reduction deal with the Soviet Union.

May 29—The NATO summit meeting begins in Brussels. NATO leaders endorse U.S. proposals for a conventional arms control agreement with the Soviet Union.

May 30—As the summit concludes, a compromise on short-range (tactical) missiles in Europe is announced. NATO leaders agree to the West German demand for negotiations with the Soviet Union, but NATO will not eliminate short-range missiles from its arsenal in the near future.

#### Palestine Liberation Organization (PLO)

(See also *Intl, Arab Summit, UN; Israel; U.S., Foreign Policy*)

May 2—PLO leader Yasir Arafat is formally received by French President François Mitterrand in Paris. On French television, Arafat says that the PLO charter is *caduc*, implying that it is null and void.

May 7—Arafat rejects Iranian Parliament leader Hojatolislam Hashemi Rafsanjani’s call to kill Westerners to retaliate for the deaths of Palestinians in Israel.

#### Southwestern Africa Peace Plan

May 11—The UN announces that it will increase the size of its police force in Namibia from 500 to 1,000.

May 13—Under the terms of an international agreement, South Africa halts its pursuit of South West Africa People’s Organization (SWAPO) guerrillas in Namibia.

May 19—Cuba, Angola and South Africa agree that the UN plan for Namibia should proceed as scheduled.

#### United Nations (UN)

(See also *Intl, Southwestern Africa Peace Plan*)

May 12—The World Health Organization (WHO) delays consideration of PLO membership until 1990 and approves a compromise resolution on medical assistance to Palestinians in the Israeli-occupied territories.

### ANGOLA

(See *Intl, Southwestern Africa Peace Plan*)

### ARGENTINA

May 14—Carlos Saúl Menem and the Peronist party win today’s presidential and congressional elections, defeating

Eduardo Angeloz and the Radical Civic Union party by a wide margin. The Peronists gain control of Congress. Menem is scheduled to be inaugurated in December, 1989.

May 30—Rioting over economic conditions continues for a 5th day; a 30-day state of siege was declared on May 29.

### AUSTRIA

(See *Hungary*)

### BOLIVIA

May 8—With almost half the votes counted, the two candidates in Bolivia's presidential election, General Hugo Banzer Suárez and Gonzalo Sánchez de Lozada, appear to be tied. The outcome of the election will be decided by Congress when it convenes in August.

### BRAZIL

(See *U.S., Foreign Policy*)

### CAMBODIA

(See also *U.S., Foreign Policy*)

May 1—To show support for the non-Communist Cambodian opposition to the Vietnamese-backed government, U.S. Vice President Dan Quayle meets Prince Norodom Sihanouk, the leader of the opposition, in Jakarta.

May 2—In a meeting with Prime Minister Hun Sen in Jakarta, Sihanouk demands changes in the Cambodian constitution as a condition of his return, including a multiparty political system and the elimination of "the leading role of the Communist party."

May 3—For the first time, Prince Sihanouk states that he is prepared to return to Cambodia to serve as head of a government including the current leaders installed by the Vietnamese. Sihanouk also says that he will withdraw from his alliance with the Khmer Rouge.

### CHINA

(See also *U.S.S.R.; U.K., Hong Kong; U.S., Foreign Policy*)

May 2—Between 6,000 and 10,000 students stage a nonviolent prodemocracy march in Shanghai.

May 4—Over 100,000 demonstrators, including workers, march through Beijing to commemorate the May 4, 1919, student demonstrations.

May 9—A petition signed by more than 1,000 journalists calling for dialogue with China's leaders is presented to the government.

May 12—2,500 Muslim students march to Tiananmen Square in Beijing to protest the publication of a book they claim insults Islam. This is the first time that a national minority has staged a demonstration in China as a group.

May 15—Soviet President Mikhail Gorbachev arrives in Beijing for the first Sino-Soviet summit since 1959.

May 16—Gorbachev meets China's de facto leader Deng Xiaoping in Beijing. Students block routes prepared for his visit and his itinerary is repeatedly altered to avoid the students. Gorbachev says that Sino-Soviet relations are "entering a new stage"; he adds that China and the Soviet Union make their decisions independently and sometimes have divergent views.

In Tiananmen Square, intellectuals, workers and bureaucrats join the students, rallying support for hunger strikers. Posters praise Gorbachev and his reforms.

May 17—In Beijing, over 1 million demonstrators, including 3,000 hunger strikers, ask Deng Xiaoping and Prime Minister Li Peng to resign.

In a rare comment, Gorbachev calls the student uprising part of a "painful but healthy" process leading Communist countries to greater democracy.

May 18—Prime Minister Li and other government officials visit hunger strikers in Tiananmen Square. Communist party General Secretary Zhao Ziyang supports the intentions of the demonstrators, but calls for an end to the hunger strike.

The government agrees to a televised discussion between student leaders and Li; Li rebukes the student leaders for creating chaos.

May 19—Martial law is imposed; troops are sent into Beijing to restore order. Over 10,000 people block troops and tanks from reaching Tiananmen.

Live Western television coverage is cut off suddenly and correspondents are forbidden to interview demonstrators.

May 20—In open defiance of martial law, crowds of about 1 million join demonstrators, block troops and prevent a military crackdown on the protesters in Tiananmen Square.

May 22—Seven senior military officials formally object to the government's planned military suppression of protesters and refuse to enter Beijing. Large-scale demonstrations are reported all over the country.

May 24—After several days of rumors of his ouster, Zhao is again mentioned in the media as General Secretary; many newspapers oppose the military crackdown but publish varying reports on the government's position.

Live Western television transmission is resumed but is abruptly halted later the same day.

May 25—In the first public appearance by any top leader since the imposition of martial law, Prime Minister Li declares on television that the government is in control.

May 26—Documents criticizing Zhao circulate among senior officials, a possible precursor to his dismissal.

May 29—Students continue to occupy Tiananmen, but the number of demonstrators is declining; the students plan to stay until the June 20 meeting of the National People's Congress.

May 30—The government arrests 11 workers who are involved in the prodemocracy movement, citing them for disturbing the public order.

### CUBA

(See *Intl, Southwestern Africa, Peace Plan*)

### CZECHOSLOVAKIA

May 17—Political dissident Vaclav Havel is released from prison after serving half of his 8-month sentence for antigovernment activity.

### EGYPT

(See also *Intl, Arab Summit*)

May 10—A report by Amnesty International accuses Egyptian police of torturing political detainees; the Interior Minister denies the findings.

### ETHIOPIA

May 16—A coup is attempted against the government of President Mengistu Haile Mariam.

May 17—President Mariam returns from a state visit to East Germany as the coup by military officers is put down.

May 19—According to the government, 10 generals have been executed in connection with the coup attempt.

### FRANCE

(See also *Intl, PLO; Iran*)

### New Caledonia

May 4—Jean-Marie Tjibaou, a nationalist leader and a former Roman Catholic priest, is shot and killed in Noumea by a radical opposed to the peace agreement that will result in New Caledonia's independence from France.



**GERMANY, EAST**(See *Ethiopia*)**GERMANY, WEST**(See also *Intl, Intl Terrorism, NATO; Lebanon; U.S., Foreign Policy, Military*)

May 10—Jürgen Hippenstiel-Imhausen, the former director of Imhausen-Chemie, is arrested on suspicion of participating in the export to Libya of chemicals that can be used for weapons production.

**GUATEMALA**

May 9—For the 2d time in a year, loyalist forces crush a coup against the government.

**HONDURAS**(See *U.S., Foreign Policy*)**HUNGARY**

May 3—*The New York Times* reports that Hungarian soldiers have begun to dismantle the 150-mile-long barbed-wire fence at the Austrian border. The "Iron Curtain" is to be removed by the end of 1990.

May 6—Janos Kadar, leader of Hungary from 1956 until May, 1988, is ousted as president of the Communist party and from the party Central Committee, apparently because of his failing health.

May 10—Prime Minister Miklos Nemeth dismisses 6 of the 12 Cabinet members and brings in 6 new, younger ministers.

May 30—The Communist party announces that former Prime Minister Imre Nagy was executed illegally for his role in the Hungarian uprising of 1956; Nagy's body will be reburied in a formal ceremony on June 16.

**INDIA**(See also *U.S., Foreign Policy*)

May 22—For the first time, India launches a medium-range surface-to-air missile. The missile's range is 1,500 miles.

**IRAN**(See also *Intl, PLO*)

May 5—Hojatolislam Hashemi Rafsanjani, the speaker of Parliament, encourages Palestinians to kill American, British and French nationals, to attack American interests and to hijack airplanes to retaliate against Israel.

May 10—Rafsanjani withdraws his remarks, claiming his May 5 statement has been misinterpreted.

May 23—The Ayatollah Ruhollah Khomeini undergoes surgery to stop internal bleeding; Khomeini's son, Hojatolislam Ahmad Khomeini, says the Ayatollah is in good condition.

**IRAQ**

May 5—Defense Minister General Adnan Khairallah is killed in a helicopter crash in a sandstorm.

**ISRAEL**(See also *Intl, Arab Summit, PLO, UN; Iran; U.S., Foreign Policy*)

May 14—By a 20-6 vote, the Israeli Cabinet backs Prime Minister Yitzhak Shamir's plans for elections in the occupied territories.

May 16—Israeli security forces compel Palestinians who live in the Gaza Strip and work in Israel to return to their homes in the occupied territories.

May 18—The curfew on the Gaza Strip (in effect since May 14) is lifted, but 60,000 Palestinian workers are forbidden to return to their jobs.

May 19—On the West Bank, heavily armed Palestinians and Israeli forces engage in a gun battle, leaving 3 Palestinians

and 1 Israeli soldier dead. There are 5 deaths in other clashes in the occupied territories, the 2d highest single-day death toll since the *intifada* (uprising) began.

May 25—A military court acquits 4 soldiers in the beating death of a Palestinian in August, 1988.

**ITALY**

May 19—Prime Minister Ciriaco De Mita resigns; he will remain in office until a new government is formed.

**JAPAN**(See also *U.S., Foreign Policy*)

May 8—The U.S. discloses that a hydrogen bomb was lost off a U.S. aircraft carrier 24 years ago 80 miles from Japan.

May 12—Masayoshi Ito rejects the invitation of the Liberal Democratic party to serve as Prime Minister because of ill health and because the party needs a younger leader.

May 20—Leaders of the ruling Liberal Democratic party recommend measures that require politicians to disclose their financial assets.

May 22—Two leading members of Parliament are indicted on bribery charges.

May 25—Former Prime Minister Yasuhiro Nakasone testifies about his role in the Recruit Cosmos stock scandal. He has admitted receiving contributions from Recruit, but denies granting any favors in return.

May 27—Foreign Minister Sosuke Uno is chosen to succeed Noboru Takeshita as Prime Minister.

May 29—The investigation of the Recruit scandal ends; prosecutors say they have found insufficient evidence to indict any major political leader.

**KENYA**

May 11—The government announces it will support a worldwide ban on ivory trade after a May 10 announcement that the U.S. urges such a ban.

**KOREA, SOUTH**

May 3—During a raid to rescue officers held hostage by students in Pusan, six riot police officers are killed by students.

May 10—Prime Minister Kang Young Hoon offers to resign if he is found responsible for "mishandled state affairs."

May 25—President Roh Tae Woo forms a Cabinet group to deal with issues causing discord with the U.S.

**LEBANON**(See also *Intl, Arab Summit, Intl Terrorism*)

May 1—On the 3d day of a cease-fire called by the Arab League, fighting breaks out in Beirut between Muslim and Christian forces.

May 3—General Michel Aoun, the Lebanese Christian leader, lifts the blockade of Muslim seaports after meeting with the representatives of the Arab League. The blockade was imposed on March 6.

May 5—Two West Germans kidnapped in Sidon on May 4 are released in order to carry a demand from their kidnappers. A 3d West German is still being held.

May 6—The truce between Syrian forces and Christian militia ends as heavy artillery barrages kill 10 people.

May 7—After Beirut suffers 30 hours of shelling, the Arab League proposes sending cease-fire observers to the area.

May 8—Shelling in and around Beirut continues; since the latest round of shelling began on March 14, the toll is approximately 330 dead and 1,300 wounded.

May 10—Heavy artillery attacks continue in and around Beirut; mediators from the Arab League meet in Damascus to try to halt the shelling.

May 16—Sheik Khaled, the leader of Lebanon's Sunni Muslims, and 21 other people are killed when Khaled's car explodes in West Beirut. At least 100 people are injured in the blast.

### LIBYA

(See *Germany, West*)

### MEXICO

May 15—The Mexican government changes its foreign-investment regulations to allow more foreign investment.

### MOROCCO

(See *Intl, Arab Summit*)

### NAMIBIA

(See *Intl, Southwestern Africa Peace Plan*)

### NETHERLANDS

May 2—After the center-right coalition Cabinet rejects a proposed anti-pollution program, the government of Prime Minister Ruud Lubbers falls. Lubbers, a Christian Democrat, has been in power since 1982.

### NICARAGUA

(See also *U.S., Foreign Policy*)

May 8—On a 10-nation tour of Europe, President Daniel Ortega Saavedra meets with British Prime Minister Margaret Thatcher in London.

### PAKISTAN

(See also *U.S., Foreign Policy*)

May 25—Lieutenant General Hamid Gul, the head of military intelligence, is fired by Prime Minister Benazir Bhutto. Gul was appointed by the late President Mohammed Zia ul-Haq.

### PANAMA

(See also *U.S., Foreign Policy*)

May 7—Presidential elections are held. Early results show that the opposition coalition has won the election by a wide margin.

May 8—The armed forces of de facto leader General Manuel Noriega seize tally sheets in an attempt to block victory by the opposition candidate. Former U.S. President Jimmy Carter, leading an international delegation to monitor the election, declares that the Noriega government is "taking the election by fraud."

May 9—Opposition presidential candidate Guillermo Endara and other members of the opposition try to pressure Noriega to accept the election results.

May 10—Opposition presidential and vice presidential candidates, including Guillermo Endara, are attacked by pro-Noriega paramilitary forces. Noriega invalidates the election, blaming the opposition for election fraud.

May 11—U.S. President George Bush announces the deployment of additional U.S. troops to Panama.

May 16—Endara is released from a Panama City hospital, where he has remained since suffering a concussion on May 10; he promises to contest Noriega's rule and the results of the recent election.

May 17—Noriega says U.S. President Bush's call for Noriega's ouster is unwarranted meddling in Panama's affairs.

### PARAGUAY

May 1—General Andrés Rodríguez wins Paraguay's presidential election, with 74 percent of the vote. The election was called after the ouster of long-time dictator General Alfredo Stroessner in February, 1989.

### PERU

May 8—Prime Minister Armando Villanueva resigns in the wake of leftist guerrilla violence that left 2 congressmen dead. President Alan García names Vice President Luis Alberto Sánchez as Prime Minister.

### PHILIPPINES

May 19—President Corazon Aquino rejects Imelda Marcos's request to allow former President Ferdinand Marcos to return to the Philippines.

### POLAND

May 9—After 4 days of strikes by copper workers, Solidarity joins the government in asking the miners to return to work.

May 11—The copper miners end their 6-day strike after winning a 30 percent pay increase and higher bonuses.

May 17—Parliament approves a legal guarantee of freedom of worship and the official recognition of the Roman Catholic Church.

### SOUTH AFRICA

(See also *Intl, Southwestern Africa Peace Plan; U.K., Great Britain; U.S., Foreign Policy*)

May 3—President P.W. Botha announces that a parliamentary election will be held on September 6; this will be the 1st election in which white, "coloured," and Asian voters will vote on the same day. Botha has promised to retire after the election.

May 12—F.W. de Klerk, leader of the ruling National party, promises to restructure the constitution to give a greater political role to the black majority, but he does not promise to permit majority rule.

May 17—Anti-apartheid leader Helen Suzman, a member of Parliament since 1953, announces that she is retiring from the legislature.

May 26—14 blacks found guilty of involvement in the murder of a black policeman in 1985 are sentenced to death; another 11 blacks convicted of participating in the crime will be sentenced next week.

### SRI LANKA

May 11—President Ranasinghe Premadasa begins peace talks with the Tamil rebel forces who have been waging guerrilla war for 10 years.

### SUDAN

May 2—The Sudanese People's Liberation Army says it will observe a cease-fire until the end of May.

May 7—*The New York Times* reports that because the Sudanese government is behind in repayments and because aid has not been effective, the U.S. is planning to cut off nonfood development assistance.

### SWEDEN

May 29—Carl Gustav Pettersson is formally charged with the 1986 assassination of Prime Minister Olof Palme.

### SYRIA

(See *Intl, Arab Summit; Lebanon*)

### U.S.S.R.

(See also *Intl, NATO; China; U.S., Foreign Policy, Military*)

May 12—In Yerevan, the capital of Armenia, more than 100,000 people gather to reiterate their demands in the ongoing territorial dispute with Azerbaijan.

May 16—At the Sino-Soviet summit in Beijing, Chinese and Soviet leaders formally announce the normalization of relations between China and the Soviet Union. The nations have been estranged for 30 years.

Aleksandr Aksenov, the chairman of the Soviet Union's television and radio broadcasting system, is forced into retirement. His removal indicates the government's displeasure with the new openness of Soviet television.

May 18—Lithuania's legislature overwhelmingly adopts a resolution demanding more independence, including the power to veto Soviet laws.

May 23—Western physicians returning from Soviet Georgia say that one of the gases used in the April demonstrations in Georgia was chloropicrin, a toxic gas used in World War I. The doctors cannot confirm that the gas was responsible for 20 fatalities in April.

May 25—The new 2,250-member Congress of People's Deputies holds its 1st session. After some criticism of his policies, Mikhail Gorbachev is elected President.

May 27—A 542-member Supreme Soviet is chosen by the Congress of People's Deputies; among those denied seats in the Supreme Soviet is former Moscow Communist party leader Boris Yeltsin.

May 29—Yeltsin is given a seat in the Supreme Soviet and Anatoly Lukyanov is chosen as Vice President.

May 30—Gorbachev tells the Congress that nationwide local elections scheduled for fall, 1989, should be postponed until spring, 1990.

For the 1st time, Gorbachev reveals the Soviet military budget, saying that annual defense spending for 1989 will total \$128 billion.

May 31—Addressing the Congress, Boris Yeltsin says that the legislature should take control of perestroika; he blames President Gorbachev and the Communist party for worsening economic conditions.

## UNITED KINGDOM

### Great Britain

(See also *Nicaragua*)

May 5—Three South African diplomats are ordered to leave Britain in retaliation for South Africa's involvement in an arms deal with a paramilitary group in Northern Ireland.

### Hong Kong

May 28—Over 300,000 demonstrators rally in support of student protesters in Beijing.

### Northern Ireland

(See *U.K., Great Britain*)

## UNITED STATES

### Administration

May 4—Dr. C. Everett Koop announces that he will resign as Surgeon General effective July 13, before the end of his 2d 4-year term.

May 8—*The New York Times* reports that the Office of Management and Budget altered testimony by James E. Hansen, director of the National Aeronautics and Space Administration's Goddard Institute for Space Studies. The testimony, prepared for the Senate Subcommittee on Science, Technology and Space, was revised to weaken his conclusions about the seriousness of global warming.

May 16—The Federal Drug Administration (FDA) announces that it may lift a 20-year ban on the use of the artificial sweetener sodium cyclamate.

May 19—The Senate Foreign Relations Committee rules that members of the presidential foreign intelligence advisory board will be required to file financial disclosure statements.

May 23—Ending a yearlong investigation, the National Transportation Safety Board faults Aloha Airlines for the April, 1988, midair rupture of an Aloha 737 jet fuselage, which resulted in the death of a flight attendant.

### Civil Rights

May 12—A black woman wins a \$40,000 award in a discrimination lawsuit filed under the recently revised Fair Housing Act. (A Florida mobile home community salesman told her the community was restricted.)

### Economy

May 5—The Labor Department reports that in April the unemployment rate rose to 5.2 percent.

May 12—The Labor Department says that producer prices rose 0.4 percent in April.

May 17—The Commerce Department reports that the foreign trade deficit dropped to \$8.86 billion for March.

May 18—According to the Labor Department, the consumer price index for April rose by 0.7 percent, the largest increase since January, 1987. The increase was fueled by a record 11.4 percent jump in gasoline prices.

May 19—The Dow Jones industrial average of 30 blue-chip stocks rises 30.98 points to 2501.10, its highest level since the October, 1987, crash.

May 25—The Commerce Department announces that the gross national product grew by 4.3 percent during the 1st quarter of 1989.

May 31—The Commerce Department says the index of leading economic indicators rose 0.8 percent in April.

### Foreign Policy

(See also *Intl, Intl Terrorism, NATO, Cambodia, Iran, Japan, Kenya, Korea, South, Panama, Sudan*)

May 2—Government subsidies on the sale of wheat to the Soviet Union are approved by President Bush.

May 4—President Bush denies that he played any role or had any knowledge of a 1985 White House plan to increase aid to Honduras in exchange for Honduran support of the Nicaraguan contras.

May 9—President Bush charges that the Panamanian presidential election was marred by "massive irregularities."

May 10—The attacks on Panamanian opposition leaders are condemned by President Bush.

Secretary of State James Baker 3d and Soviet Foreign Minister Eduard Shevardnadze agree to continue negotiations on reducing long-range nuclear weapons.

May 13—Speaking to reporters in Arkansas, President Bush urges the people of Panama to overthrow Panamanian leader Manuel Noriega.

May 16—The Senate approves the administration's agreement with Japan to build the FSX fighter, defeating an effort to block the project by a vote of 52 to 47.

May 18—A Defense Department official says that the Panama Canal treaty has been violated more than 1,200 times in the last 15 months.

Central Intelligence Agency (CIA) head William Webster tells Congress that Pakistan is "developing a nuclear capability."

President Bush meets with South African antiapartheid activist Archbishop Desmond Tutu. Tutu urges the President to show "moral leadership" in the fight against apartheid.

May 19—After refraining from public comment since the beginning of demonstrations in China in April, President Bush asks the student demonstrators and the Chinese government to exercise restraint.

May 22—Speaking in Washington, D.C., Secretary of State James Baker 3d urges Israel to give up its "unrealistic vision of a greater Israel" and tells Palestinians that serious political dialogue means "an end to the illusion of control over all of Palestine and full recognition of Israel."

May 25—The President names Japan, India and Brazil as unfair traders and asks them to relax trade restrictions within 18 months.



May 30—The State Department decides to seek congressional approval of a covert weapons-supply program for the non-Communist Cambodian resistance.

May 31—Speaking in West Germany, President Bush calls for an end to the political division of Europe and the destruction of the Berlin Wall.

### Labor and Industry

May 15—Spokesmen for the nation's apple industry say that apple growers will stop using the pesticide Alar by the fall of 1989; the apple growers have lost \$50 million since the government revealed that Alar may be carcinogenic.

May 22—Joseph J. Hazelwood, the captain of the *Exxon Valdez*, is indicted on 3 counts of criminal mischief in connection with the March 24 Alaskan oil spill.

### Legislation

(See also *Political Scandal*)

May 5—The Senate and the House approve separate \$1.17-trillion budgets for fiscal 1990; the budgets call for little deficit reduction.

May 15—President Bush reveals a \$1.2-billion plan to combat crime; the proposal includes an endorsement of legislation to ban several types of semiautomatic weapons and to increase the penalties for weapons offenses.

By unanimous consent, the House approves a 60-day delay in implementing new ethics laws with regard to the conduct of federal employees.

May 31—On the floor of the House of Representatives, Jim Wright (D., Tex.) announces his resignation as Speaker of the House, effective when a successor is chosen.

### Military

May 6—The government reports that James W. Hall 3d, an Army officer court-martialed earlier this year for espionage, damaged electronic listening devices in West Berlin; the devices were aimed at East Europe and the Soviet Union.

May 11—Lieutenant General George L. Monahan Jr., head of the Strategic Defense Initiative (SDI) Organization, says the administration is postponing the development of key parts of the SDI program for 2 years.

May 14—On the aircraft carrier *America*, a fire and explosion kill 2 sailors. This is the Navy's 3d fatal accident in less than 1 month.

### Political Scandal

(See also *Legislation*)

May 4—In U.S. district court, former national security adviser Oliver North is convicted on 3 criminal counts, but is acquitted on the remaining 9; the jury finds him guilty of failing to pay for a security system at his home, of destroying and falsifying records, and of obstructing Congress.

May 8—An investigation by the Department of Housing and Urban Development reveals details of widespread influence-peddling by Republicans (including former Interior Secretary James G. Watt) involved in a federal housing subsidy program.

May 11—John P. Mack, political and legislative aide to House Speaker Jim Wright (D., Tex.), resigns after controversy erupts over Mack's conviction 16 years ago for attacking a woman.

May 23—Jim Wright's lawyer asks the House to drop the main ethics charges against Wright.

May 26—House majority whip Tony Coelho (D., Calif.), the leading contender to replace Jim Wright as Speaker of the House if Wright resigns, announces his resignation from Congress.

### Politics

May 30—Representative Claude Pepper (D., Fla.) dies in Washington, D.C., at the age of 88; Pepper served in the Senate from 1936 to 1950 and was a strong advocate of senior citizens' rights.

### Science and Space

May 4—The space shuttle *Atlantis* is launched; the *Atlantis* then sends the *Magellan* probe on its 15-month mission to Venus.

### Supreme Court

May 1—The Supreme Court rules 6 to 3 that the burden of proof lies with the employer to show that refusal to hire or promote an individual is legitimate and not discriminatory.

The Court rules 5 to 4 that lawyers cannot be compelled by a federal law to donate services to the poor in civil cases; the 1892 law states that U.S. district judges may "request" lawyers to represent the poor without compensation.

May 16—Supreme Court Justice Anthony Kennedy blocks a Florida court ruling that upheld a teenage girl's request for an abortion without her parents' consent. A Florida law allows a woman under the age of 18 to have an abortion without parental consent.

May 18—The Court rules on the Florida abortion case and lifts the stay imposed by Justice Kennedy. The Florida ruling will stand until a final decision is reached in the Florida supreme court.

### VIETNAM

(See also *Cambodia*)

May 4—Refugee officials state that about 130 Vietnamese refugees were massacred or drowned by pirates in an attack in the South China Sea on April 16. Only 1 Vietnamese is known to have survived.

### YUGOSLAVIA

May 17—Milan Pancevski, the former chief of the Macedonian Communist party, is chosen by the Politburo as the leader of Yugoslavia's Communist party. He will head the party until a special national congress, scheduled for December, 1989.

### ZIMBABWE

May 6—Edgar Z. Tekere, a former supporter of President Robert Mugabe's, establishes an opposition political party in Harare; this is the first new political party formed in Zimbabwe since its independence in 1980.

June, 1989

## INTERNATIONAL

### European Community (EC)

June 26—British Prime Minister Margaret Thatcher tells EC members meeting in Madrid that Britain will not agree to move toward a common monetary union.

June 27—The 12 members of the EC agree that by July 1, 1990, they will institute common banking, securities and insurance services, and end exchange controls.

### Organization for Economic Cooperation and Development (OECD)

June 1—At the close of the annual OECD meeting in Paris, the 24 member industrial nations issue a statement saying they "reject the tendency toward unilateralism." Last week, the U.S. accused Japan, Brazil and India of unfair trading practices.

**Organization of Petroleum Exporting Countries (OPEC)**

June 7—In Vienna, OPEC members end their meeting in disagreement after Kuwait refuses to agree to moderate production increases; the members agree to raise total production to 19.5 million barrels a day.

June 8—Kuwait is reported to agree to lower its overproduction of oil but will not agree to the new OPEC quota.

**Palestine Liberation Organization (PLO)**

(See *U.S., Foreign Policy*)

**Southwestern Africa Peace Plan**

June 22—After a 6-hour summit meeting of African leaders in Zaire, Angolan President José Eduardo dos Santos and Jonas Savimbi, the leader of Angola's Unita (National Union for the Total Independence of Angola) rebels, agree to a cease-fire in the 14-year Angolan civil war.

June 24—The Angolan cease-fire goes into effect.

**United Nations (UN)**

June 7—The U.S. State Department announces that the U.S. will withhold its annual contribution to the UN Fund for Population Activities (UNFPA) in view of the Fund's family-planning activities in China, which supposedly include coercive abortions and forced sterilization. UNFPA claims it is not involved in any Chinese programs.

June 9—The U.S. vetoes a Security Council resolution condemning Israel for its policies in the Israeli-occupied territories.

June 13—At a UN conference on Indochinese refugees in Geneva, Britain demands that the Vietnamese boat people be forcibly returned to Vietnam. Vietnam and the United States oppose such a measure.

**AFGHANISTAN**

(See *U.S.S.R.; U.S., Foreign Policy*)

**ANGOLA**

(See *Intl, Southwestern Africa Peace Plan; U.S., Foreign Policy*)

**ARGENTINA**

June 12—President Raúl Alfonsín says he will resign on June 30, allowing President-elect Carlos Saúl Menem to deal with Argentina's grave economic problems.

**BANGLADESH**

June 11—*The New York Times* reports that India has been providing arms and money to tribal rebels in the Chittagong Hills for more than 10 years. The Buddhist rebels claim they are being persecuted by the mostly Muslim Bengali Bangladeshis and are fighting to establish an autonomous state in Bangladesh.

**BRAZIL**

(See *Intl, OECD*)

**BURMA**

June 19—Burma officially changes its name (in English) to the Union of Myanmar; the capital, Rangoon, is renamed Yangon.

June 23—In Yangon, 2,000 people rally to protest against a government spokesman's denunciation of opposition party (Democracy League) leader Daw Aung San Suu Kyi.

**CAMBODIA**

(See *U.S., Administration*)

**CHINA**

(See also *Intl, UN; U.K., Hong Kong; U.S., Foreign Policy*)

June 3—After two days of relative calm, students and workers

crowd Beijing streets to repulse 2,000 unarmed troops who were en route to Tiananmen Square. Soldiers beat protesters before retreating; the Square has been occupied by demonstrators for three weeks.

June 4—Unarmed prodemocracy protesters are shot and killed as troops march into Tiananmen Square to end the occupation. Using submachine guns, the troops fire on demonstrators and bystanders.

June 5—Large troop convoys move into the center of Beijing, shooting at civilians and closing off the square. Preliminary estimates put the death toll at 200.

June 6—Military units take apparently defensive positions against each other in and around Beijing, reflecting divisions of opinion within the army leadership.

Chinese radio describes unrest in cities across the country, where rioters are protesting the violence in Beijing.

June 7—Troops fire randomly into two foreign diplomatic compounds. Property is damaged, but no one is reported injured. Diplomatic family members are ordered by their governments to evacuate.

June 8—Army convoys repeatedly cross Beijing. Prime Minister Li Peng appears on television for the first time since May 25, congratulating the army on the success of the military crackdown. Student and labor union leaders are called on to turn themselves in or "face severe punishment."

June 9—De facto leader Deng Xiaoping appears on television with top officials to commend military leaders for their role in the crackdown. Deng calls the prodemocracy movement "a counterrevolutionary rebellion" that is trying to establish a bourgeois republic.

June 10—The government announces it has arrested more than 400 demonstrators, including leaders of student and labor organizations. Government-controlled media reports describe the protesters as "hooligans" and "thugs" who incited unrest and attacked the military.

June 11—Chinese press reports claim that no students were killed when the military "cleaned up" Tiananmen, that only a "very small minority of bad elements" were responsible for unrest and that Western news media were partly to blame for arousing the insurgents. Officials dismiss all reports of violence against civilians as "rumors."

The government issues a warrant for the arrest of dissident Fang Lizhi and his wife, who took refuge at the U.S. embassy in Beijing during the military crackdown.

June 12—Unofficial prodemocracy organizations are banned. The government grants police the right to shoot protesters.

June 13—National television broadcasts a list of 21 student leaders wanted in connection with the demonstrations.

June 15—Three men are sentenced to death for their role in setting fire to a train in Shanghai, in the first trial of prodemocracy demonstrators.

June 16—The government announces further arrests, bringing the total to more than 1,000 people arrested throughout China.

June 17—In the first trial of demonstrators in Beijing, 8 more protesters are sentenced to death.

The government accuses the U.S. government of encouraging the protests and interfering in China's internal affairs.

June 20—*The New York Times* reports that evidence supports an estimate of civilian casualties in the Tiananmen Massacre of between 400 and 800 dead and wounded, far fewer than earlier estimates of approximately 3,000.

June 21—The three men convicted in Shanghai on June 15 are publicly executed; the executions are widely denounced around the world.

June 22—24 more people are executed; of these, 17 are said by newspapers to be "common criminals" unrelated to the prodemocracy protests.

June 24—Zhao Ziyang is officially dismissed as General Secretary by the Communist party. His successor is Jiang Zemin, the former mayor and Communist party secretary of Shanghai.

June 25—The Communist party calls for the ouster of party members who participated in the democracy movement.

June 28—China recalls its ambassadors for a meeting on July 7 in Beijing. Chinese officials claim that the recall is unrelated to the recent turmoil in China.

June 29—*The New York Times* reports that many student leaders wanted for their role in the demonstrations, including Wuer Kaixi, have escaped to Hong Kong.

### CUBA

June 14—Cuba announces the arrest of General Arnaldo T. Ochoa Sánchez on charges of corruption and mismanaging economic funds.

June 15—Six more high-level military officials are arrested; in addition, the government accuses General Ochoa of involvement in drug trafficking.

June 25—The trial of General Ochoa begins, with Defense Minister Raul Castro saying that Ochoa should feel the "full weight" of the law.

June 29—The government announces that Interior Minister José Abrantes Fernández, Cuba's top-ranking security official, has been fired.

### EL SALVADOR

(See also *U.S., Foreign Policy*)

June 1—Alfredo Cristiani is inaugurated as President, replacing José Napoleón Duarte. Cristiani was the candidate of the right-wing Arena (Nationalist Republican Alliance) party in the March, 1989, presidential elections.

June 9—José Antonio Rodríguez Porth, the chief of staff of President Christiani, is assassinated in San Salvador.

### FRANCE

(See *Poland; U.S., Foreign Policy*)

### GERMANY, WEST

June 12—Soviet President Mikhail Gorbachev arrives for the start of his 4-day visit to West Germany; he believes a "new chapter" in Soviet-West German relations is beginning.

June 15—Ending his stay in West Germany, Gorbachev says the Berlin wall "can disappear when those conditions that created it fall away."

June 28—Rheineisen Chemical Products admits that it sold Iran chemicals used in the production of poison gas.

### GREECE

June 19—Results from the June 18 national elections show that Prime Minister Andreas Papandreu has lost his majority in Parliament.

June 25—An Athens hospital reports that Prime Minister Papandreu is listed in serious condition after developing heart and kidney complications; he was hospitalized June 22 with pneumonia.

### HONDURAS

(See *U.S., Foreign Policy*)

### HUNGARY

June 16—In Budapest, a crowd of 100,000 attends the official funeral for Imre Nagy, the leader of the 1956 Hungarian uprising who was executed and buried in a prison grave in 1956. The eulogies at the ceremony are sharply critical of Hungary's Communist party and the Soviet Union.

June 24—The Communist party Central Committee creates a

4-member Presidium to lead the party until a special congress meets in October. The Presidium consists of General Secretary Karoly Grosz, Prime Minister Miklos Nemeth, and party officials Imre Pozsgay and Rezsőe Nyers, with Nyers functioning as President until October.

### INDIA

(See also *Intl, OECD; Bangladesh*)

June 11—*The New York Times* reports a new wave of ethnic violence in the northeastern province of Assam. Bodo tribal militants accuse the government of economic and social neglect; they are demanding the creation of a separate state. Bodos constitute about 10 percent of Assam's population.

June 12—Sikh groups are suspected to have set a bomb that exploded at a New Delhi train station earlier today, killing 7 people. Five years ago this week, the Indian army attacked the Golden Temple in Amritsar, a Sikh shrine.

June 14—Prime Minister Rajiv Gandhi rejects the Sri Lankan government's request that Indian troops be withdrawn from Sri Lanka by the end of July. Gandhi sees the presence of Indian troops as necessary to protect Sri Lanka unity.

June 25—Sikh extremists fire automatic weapons and explode bombs in a public park, killing 27 people, mostly members of a right-wing Hindu organization.

### IRAN

June 3—Teheran radio says that Iran's religious leader, the 89-year-old Ayatollah Ruhollah Khomeini, is experiencing complications from surgery he underwent in May, 1989.

June 4—Iran announces that Khomeini died just before midnight June 3, several hours after suffering a heart attack.

Iran's religious leaders select President Ali Khamenei to succeed Khomeini.

June 5—At least 8 people are killed and 500 people are injured at the viewing of Khomeini's remains when the crowd, estimated in the hundreds of thousands, riots.

June 6—A crowd of 3 million attends Khomeini's funeral at the Behesht-e-Zahara cemetery, where Khomeini returned from his Paris exile in 1979. After an initial attempt to bury the Ayatollah fails, he is successfully interred.

June 20—Hojatolislam Hashemi Rafsanjani, the speaker of Iran's Parliament, meets with Soviet President Mikhail Gorbachev in Moscow.

June 21—The Soviet Union says it will restore commerce by rail with Iran and will probably reopen the Iranian natural gas pipeline to the Soviet Union.

### IRELAND

June 16—Results from yesterday's parliamentary elections show that Prime Minister Charles Haughey's Fianna Fail party failed to gain a majority.

June 29—Prime Minister Haughey fails to form a government and announces his resignation until a new government can be formed.

### ISRAEL

(See also *Intl, UN; U.S., Foreign Policy*)

June 6—The Israeli army gives computer-coded identity cards to Palestinian workers in the Gaza Strip; workers from the Gaza Strip will need identity cards to enter Israel.

June 15—Four soldiers, convicted of brutality in the August, 1988, beating death of a Palestinian in police custody, are sentenced to 6 to 9 months in jail.

### JAPAN

(See also *Intl, OECD; U.S., Foreign Policy*)

June 2—Sousuke Uno is elected Prime Minister by the Liberal Democratic party; he succeeds Noboru Takeshita.



June 3—Japan begins broadcasting the world's first daily high-definition television programs.

June 10—*The New York Times* reports that a former geisha has publicized an alleged liaison with Uno, claiming that he is vain and "bullying"; Uno declines comment.

June 16—Japan announces that it will reduce imports of ivory and ivory products, beginning June 19. Japan consumes about 40 percent of the world's ivory. Japan is the largest consumer of ivory in the world.

June 28—Prime Minister Uno denies reports that he intends to resign.

Japan agrees to open its mobile telephone market to foreign companies, to avoid the possibility that the U.S. might impose heavy penalties on Japanese exports to the U.S.

## **JORDAN**

(See *U.S., Foreign Policy*)

## **KOREA, NORTH**

(See *Korea, South*)

## **KOREA, SOUTH**

June 28—President Roh Tae Woo opposes suggestions made in the U.S. Senate to reduce American armed forces in South Korea.

June 30—Student demonstrations erupt after the government forbids a group from attending a student conference in North Korea.

## **KUWAIT**

(See *Intl, OPEC*)

## **MEXICO**

June 14—José Antonio Zorrilla Pérez, a former chief of the Federal Security Directorate, is arrested and charged with the 1984 murder of journalist Manuel Buendía.

## **NAMIBIA**

June 18—In Windhoek, 8 top leaders of the guerrilla group SWAPO (South West Africa People's Organization) make a public appearance on their return from exile.

## **NICARAGUA**

(See also *U.S., Foreign Policy*)

June 11—Alfred César Aguirre, a former Sandinista official who joined the contra rebel leadership, returns to Managua after 7 years in exile.

June 17—The Foreign Ministry says it will require U.S. citizens to obtain visas in order to enter Nicaragua.

## **PAKISTAN**

(See *U.S., Foreign Policy*)

## **PERU**

June 22—The front-runner in Peru's 1990 presidential election, writer Mario Vargas Llosa, drops out of the race.

## **POLAND**

June 4—Solidarity candidates score a decisive victory over Communist party candidates in elections for Parliament; in addition, many Communist candidates running unopposed fail to receive the majority needed to secure their election.

June 5—Although official election returns have not been announced, the Communist party admits that Solidarity received a "decisive majority" in parliamentary elections. Solidarity says that almost all its candidates won.

June 8—The government releases official election returns. Solidarity wins 92 seats in the 100-seat Senate. In addition,

Solidarity gains 161 seats—almost one third—in the lower house, where the Communist party is guaranteed two-thirds of the seats.

June 9—Solidarity leader Lech Walesa says that the newly elected Solidarity legislators should function as an opposition to the Communist-led government.

June 13—The government forbids 8 members of the Politburo, who were defeated in parliamentary elections, from entering runoff elections to fill vacant seats in Parliament.

June 15—France announces a financial-assistance package for Poland that includes the 1st bank loans to Poland from a Western country since 1981.

June 16—Solidarity officials ask French President François Mitterrand to press non-Communist countries for \$10 billion in financial help for Poland.

June 18—Only 20 percent of those eligible to vote turn out for a runoff election to select Communist party members to Parliament.

June 30—Communist party leader General Wojciech Jaruzelski says he will not be a candidate for the new, more powerful position of President when Parliament opens in July. General Jaruzelski endorses the candidacy of Interior Minister Czeslaw Kiszczak.

## **SOUTH AFRICA**

June 23—National party leader F.W. de Klerk talks with British Prime Minister Margaret Thatcher in London; Thatcher tells de Klerk that anti-apartheid leader Nelson Mandela should be released.

## **SRI LANKA**

(See also *India*)

June 20—President Ranasinghe Premadasa reimposes a state of emergency only 6 months after he lifted it, in an attempt to control the growing civil unrest between Tamil and Sinhalese factions.

June 27—The government and Tamil rebels agree to an immediate cease-fire in their 6-year war.

## **SUDAN**

June 30—A group of army officers overthrows the civilian government of Prime Minister Sadiq Mahdi. The leader of the coup is Brigadier Omar Hassam Ahmed Bashir.

## **SWEDEN**

June 19—At the trial of Carl Gustav Pettersson, the accused assassin of Prime Minister Olof Palme, Palme's wife says she saw Pettersson at the scene of the crime.

## **U.S.S.R.**

(See also *Germany, West; Hungary; Iran; U.S., Foreign Policy*)

June 1—President Mikhail Gorbachev agrees to form a special commission to investigate the 1939 secret treaty between the Soviet Union and Nazi Germany that ceded the Baltic states to the Soviet Union.

June 2—At the People's Congress of Deputies, Soviet dissident Andrei Sakharov is rebuked for his criticism of Soviet military policy in Afghanistan.

The Congress recommends retaining Nikolai I. Ryzhkov as Prime Minister.

June 4—At least 650 people are killed when sparks from 2 passenger trains trigger a natural gas pipeline explosion.

The Soviet news agency Tass reports serious ethnic clashes in Uzbekistan between Uzbeks and Meskhetians.

June 5—The Ministry of Internal Affairs sends 6,000 soldiers to Uzbekistan to restore order; the ministry admits that at least 42 people, mostly Meskhetians, have died in the violence.

June 7—Prime Minister Ryzhkov tells the Congress that

military spending will be cut by one-third until 1995; he also reveals for the 1st time that the war in Afghanistan cost 45 billion rubles (US\$75 billion).

The government says that military forces in Uzbekistan are unable to contain ongoing ethnic violence.

June 9—After listening to sharp criticism of the Congress by Andrei Sakharov, the 13-day initial session of the Congress ends.

June 11—The military restores order in Uzbekistan after a week of ethnic rioting; the death toll is estimated at 100.

June 16—Tass confirms that a major nuclear accident occurred in 1957 in the Ural Mountains, leading to the evacuation of 100,000 people. Tass says the government did not acknowledge the accident at the time because it took place at a military installation.

June 27—The 542-member Supreme Soviet blocks the nomination of 8 leading Communist party officials to the 71-member Council of Ministers. The officials were nominated by Prime Minister Ryzhkov.

## UNITED KINGDOM

### Great Britain

(See *Intl, EC, UN; South Africa; U.S., Foreign Policy*)

### Hong Kong

June 5—Stock market prices fall more than 500 points after news of the military crackdown in Beijing.

## UNITED STATES

### Administration

June 9—The Federal Bureau of Investigation (FBI) and the Justice Department issue an affidavit charging that the Rocky Flats nuclear weapons plant in Colorado discharged nuclear waste into drinking water supplies. The discharge occurred near Denver on 2 occasions in November, 1988, and in December, 1988.

June 17—Administration officials admit that they cannot win congressional approval for a covert CIA (Central Intelligence Agency)-run operation to arm non-Communist guerrillas in Cambodia. President George Bush approved such an operation in May.

June 19—Transportation Secretary Samuel Skinner announces that some air traffic controllers at the nation's busiest airports will be paid bonuses of 20 percent.

June 26—The Justice Department accepts the resignation of Alan C. Nelson as head of the Immigration and Naturalization Service.

June 27—Energy Secretary James Watkins announces a 10-point plan to improve his department, saying it lacks technical skills to run the U.S. nuclear bomb production system at top management levels.

### Economy

June 2—The Labor Department reports that the nation's unemployment rate fell to 5.1 percent in May.

June 5—Major banks lower their prime rate to 11 percent.

June 9—The Labor Department reports that its producer price index rose 0.9 percent in May.

June 13—The Federal Home Loan Bank Board reports that the nation's savings and loan associations lost \$3.4 billion in the 1st quarter of 1989.

June 15—The Commerce Department reports that the monthly U.S. foreign trade deficit declined to \$8.26 billion for April; the Department issued a revised deficit figure of \$9.54 billion for March.

June 16—The Labor Department reports that its consumer price index rose 0.6 percent in May.

June 22—The Commerce Department reports that the nation's

gross national product (GNP) grew at an annual rate of 4.4 percent in the 1st quarter of 1989.

June 23—The New York Stock Exchange's Dow Jones Industrial Average of 30 blue chip stocks closes at 2,531.87, its highest level since the crash in October, 1987.

June 28—The Commerce Department reports that its index of leading economic indicators fell 1.2 percent in May.

## Foreign Policy

(See also *Intl, OECD, UN; China; Japan; Korea, South; Nicaragua*)

June 1—In London, President Bush meets with Britain's Prime Minister Margaret Thatcher for 2 hours of talks; President Bush tells Thatcher she is "his partner in leadership."

June 3—President Bush states that he "deplores the decision [of the Chinese government] to use force against Chinese citizens who were making a peaceful statement in favor of democracy."

June 5—Although he does not intend to sever relations completely, President Bush suspends military sales to China in response to the crackdown in Beijing.

June 6—President Bush meets in Washington, D.C., with Pakistan's Prime Minister Benazir Bhutto; he agrees to continue the current U.S. policies toward Pakistan and the Afghan rebels.

The U.S. announces a ban on imports of all ivory, in order to reduce the slaughter of African elephants.

June 8—President Bush says that the U.S. and China cannot reestablish normal relations until China's leaders "recognize the validity" of the Chinese prodemocracy movement.

Ambassador Robert Pelletreau Jr. meets with a 3-man delegation from the PLO in Tunis; the U.S. formally asks the PLO to permit Palestinians to take part in Israeli-sponsored elections in the West Bank of the Jordan and in the Gaza Strip.

June 12—The *New York Times* reports that the Commerce Department withdrew an export license to China for the sale of nuclear power plant parts after protests that China has not been certified as not helping other countries build nuclear weapons.

The U.S. and France agree to end visa requirements for each other's citizens traveling in either country for less than 3 months, as of July 1.

In Honduras, Vice President Dan Quayle says that under the regulations proposed by the Sandinista government the proposed February, 1990, elections in Nicaragua would be a "sham."

U.S. and Soviet military leaders sign an agreement designed to eliminate accidental military encounters that could lead to all-out war.

June 13—Vice President Quayle meets with Salvadoran leaders in San Salvador and emphasizes the need to respect human rights.

June 14—In a London ceremony, Britain's Queen Elizabeth II confers honorary knighthood on former President Ronald Reagan.

June 18—Speaker of the House Thomas S. Foley (D., Wash.) says that the White House should consider further sanctions against China if the situation there worsens.

June 20—White House officials announce the suspension of high-level exchanges between U.S. officials and the Chinese government. In addition, administration officials will attempt to delay consideration of loan requests by China in international financial institutions.

June 28—Commerce Secretary Robert Mosbacher announces that Japan has agreed to open its mobile telephone markets further to U.S. companies.

June 29—In Washington, D.C., Zaire's President Mobutu Sese Seko meets with President Bush; Mobutu strongly defends Zaire's human rights record.

**Labor and Industry**

June 2—Uniroyal Chemical Company announces that it is halting domestic sales of the chemical Alar in response to consumer fears. The company, which considers Alar safe, will continue to sell it overseas.

**Legislation**

June 6—Representative Thomas S. Foley (D., Wash.) is elected as 49th Speaker of the House, succeeding Jim Wright (D., Tex.).

June 13—President George Bush vetoes legislation raising the minimum wage from \$3.35 per hour to \$4.55 per hour over a 3-year period.

June 14—House Democrats select Richard Gephardt (D., Mo.) as majority leader by a vote of 181 to 76; William H. Grey 3d (D., Pa.) is named majority whip.

The House votes 247 to 178 and fails to override President Bush's veto of the minimum wage increase legislation.

June 29—The House votes 418 to 0 in favor of various economic sanctions against China; it does not rescind China's "most favored nation" trading status.

**Political Scandal**

June 10—A U.S. district court grand jury in Fort Worth returns a 79-count indictment against Reba Lovell, charging her with stealing \$2.5 million from the sale of Housing and Urban Development (HUD) homes; this is part of an ongoing investigation into the possible loss of millions of dollars in the sale of homes by HUD.

June 13—Appearing before the House Government Operations Sub-Committee on Employment and Housing, former HUD aide Deborah Dean refuses to testify about political abuse and favoritism in HUD, citing her 5th Amendment rights.

June 27—In Washington, D.C., the U.S. Court of Appeals for the District of Columbia overturns the conviction of former White House adviser Lyn Nofziger; he was found guilty in February, 1988, of violating the Ethics in Government Act of 1978.

June 30—Paul Adams, HUD's inspector general, estimates that the government loss from mismanagement and alleged fraud in the department may total hundreds of millions of dollars.

**Politics**

June 7—According to White House chief of staff John Sununu, President Bush was "disgusted" and "upset" about personal attacks on newly elected House Speaker Thomas S. Foley by Republican National Committee chairman Lee Atwater; Sununu adds that President Bush has reprimanded Atwater.

June 8—At a news conference, President Bush defends Atwater; he says that Atwater has denied authorship of the statements attacking Foley and that he (President Bush) believes him and gives him full support.

**Science and Space**

June 1—The Food and Drug Administration (FDA) approves a

genetically engineered drug for the treatment of anemia in patients with kidney disease.

June 14—The largest U.S. rocket, a Titan 4, is successfully launched at Cape Canaveral.

**Supreme Court**

June 5—The Court rules 5 to 4 that employers need not be forced to justify business practices that discriminate against women and minorities on the "grounds of necessity."

In a unanimous opinion, the Court rules that free-lance artists and writers retain the right to copyright their work, provided they are not involved in a conventional employment relationship with the commissioner of the work.

June 12—The Court rules 5 to 4 that workers can legally challenge previous court-approved affirmative action settlements; the case involved white Alabama firemen who challenged an 8-year-old, court-approved settlement that increased the number of black workers hired and promoted.

June 15—The Court rules 5 to 4 that the Civil Rights Act of 1866 permits suits over private acts of racial discrimination in hiring, but does not allow suits related to discriminatory treatment during the course of employment.

June 19—The Court rules 7 to 2 that the railroads are not compelled under federal labor law to bargain with employees before starting drug-testing programs.

June 21—In a 5-4 decision, the Court upholds a lower court decision in a Texas case; political protesters burning the American flag are protected by the constitution's First Amendment; in effect, this nullifies the laws of 48 states that make flag burning illegal.

June 22—The Court rules 5 to 4 that the 1984 Federal Comprehensive Forfeiture Act permits the pretrial seizure of alleged criminals' assets that, the government charges, are the proceeds of crime.

In a 5-4 decision, the Court upholds a lower court and rules that an 1866 Civil Rights Act cannot be used to bring suits against state and local governments for acts of racial discrimination.

June 23—The Court, in a 6-3 decision, upholds a section of a 1988 law banning obscene phone messages; it unanimously declares that a federal law on commercial messages that are "indecent" but not "obscene" is legal; the Court does not define what it considers obscene or indecent.

The Court rules 5 to 4 that a convict on death row is not entitled to a court-provided attorney for a 2d round of appeals.

June 26—The Court rules 5 to 4 in 2 cases that the constitution permits the execution of both mentally retarded persons and individuals who were under 16 years of age at the time they committed the crime.

**VIETNAM**

(See *Intl, UN*)

**ZAIRE**

(See *Intl, Southwestern Africa Peace Plan*)

**July, 1989****INTERNATIONAL****Cambodian Peace Talks**

(See also *Cambodia; U.S., Foreign Policy*)

July 30—In Paris, 19 nations and the 4 Cambodian political factions begin a month-long conference to establish an acceptable government for Cambodia after Vietnam's occupation ends in September. U.S. Secretary of State James Baker 3d says that the U.S. will support former ruler Prince Norodom Sihanouk.

July 31—China insists that the Khmer Rouge be given a role in the transitional Cambodian government, which the U.S., the Soviet Union and Vietnam strongly oppose. U.S. Secretary of State James Baker has stated that the U.S. will withhold financial aid from any government that includes the Khmer Rouge. Later, Baker meets with Chinese Foreign Minister Qian Qichen in the first high-level contact between a Chinese official and an American diplomat since the Tiananmen Massacre.



**Council of Europe**

July 6—Addressing the 23-member council, Soviet President Mikhail Gorbachev says the Soviet Union will allow Warsaw Pact members to determine their own political future. He presses NATO (the North Atlantic Treaty Organization) to reduce its nuclear arsenal.

**European Community (EC)**

(See *Intl, Group of Seven*)

**General Agreement on Tariffs and Trade (GATT)**

July 5—GATT postpones a meeting to consider China's membership application. The organization's spokesman says the delay is not intended as a sanction against China.

**Group of Seven**

(See also *Poland*)

July 14—The Group of Seven—the 7 major industrial democracies—begins a 3-day economic summit conference in Paris. Drugs, ecology and 3d world debt problems are among the issues to be discussed.

July 15—In Paris, the leaders of the Group of Seven issue a "Declaration of East-West Relations"; they also express concern over recent events in China and agree to provide emergency financial and food aid to Poland and Hungary. The European Community (EC) is to coordinate these efforts.

In a letter to the Group of Seven, Soviet President Gorbachev calls for greater East-West cooperation. Gorbachev also says that the Soviet Union would like to assume a more active role in the world economy and to take part in the effort to help alleviate 3d world debt.

July 17—At the end of the annual meeting, the Group of Seven calls for "decisive action" to preserve the environment. The leaders concur with a U.S. suggestion to reduce 3d world debt; they also agree to set up a task force to combat drug dealing and money laundering and will ask for UN assistance.

**International Bank for Reconstruction and Development (World Bank)**

July 4—The World Bank issues its annual report on economic development, *World Development Report, 1989*; the report notes that international economic prosperity is dependent on personal savings by Americans and other nationals, and it warns that there is a real shortage of consumer savings across the world.

**International Monetary Fund (IMF)**

July 4—The IMF says Panama can no longer obtain new loans because it is in arrears in loan payments.

**International Terrorism**

(See also *Intl, UN; U.S., Foreign Policy*)

July 28—Israeli commandos enter southern Lebanon and kidnap Sheik Abdul Karim Obeid, the leader of the pro-Iran Hezbollah group. The Israeli army says that Sheik Obeid is "a planner of attacks against Israel."

July 29—Hezbollah military leaders say they will not exchange 3 Israeli soldiers or U.S. Marine Colonel William R. Higgins for Sheik Obeid; they threaten Israel with "severe and dangerous consequences" for Obeid's kidnapping.

July 30—The Organization of the Oppressed on Earth, a pro-Iran group based in Lebanon, threatens to kill Colonel William R. Higgins by 3:00 P.M. on July 31 unless Sheik Obeid is released by Israel.

July 31—The Organization of the Oppressed on Earth announces that it has hanged Higgins. A 2d group, the Revolutionary Justice Organization, says it will execute another

American hostage, Joseph Cicippio, on August 1 if Sheik Obeid is not released. The Associated Press reports that a 3d group has threatened to kill Anglican Church envoy Terry Waite.

Shortly after the 3:00 P.M. deadline imposed by the terrorist group, Israel offers to swap Sheik Obeid and all Shiite Muslims held by Israel in exchange for all Israeli and Western hostages held in Lebanon.

**North Atlantic Treaty Organization (NATO)**

(See *Intl, Council of Europe*)

**Organization of American States (OAS)**

July 19—In a draft declaration, the OAS calls on Panama's de facto leader General Manuel Antonio Noriega to resign by September 1; OAS diplomats have been working with Panamanian groups since May in an attempt to bring about Noriega's resignation.

**Palestine Liberation Organization (PLO)**

July 9—PLO leader Yasir Arafat says a "deadly blow" has been dealt to suggestions for Palestinian elections in the Israeli-occupied territories by the conditions Israel's Likud party has attached to the suggested elections.

July 26—The PLO makes public its conditions for elections in the Israeli-occupied territories.

**United Nations**

(See also *Intl, Group of Seven*)

July 31—The Security Council unanimously passes a resolution calling for the release of all hostages and condemning hostage-taking.

**Warsaw Treaty Organization (Warsaw Pact)**

(See also *Intl, Council of Europe; Hungary*)

July 8—The Warsaw Pact ends a 2-day summit in Romania; disarmament issues and the prospects for political autonomy for the 7 Warsaw Pact members have been discussed.

**AFGHANISTAN**

July 17—The U.S. State Department says that on July 9, rebels from the Islamic party, an Afghan resistance faction, massacred 30 members of the Islamic Society, another guerrilla faction, in Takhar Province.

July 18—The Islamic party admits that some members of the Islamic Society were killed in the July 17 fighting between the 2 factions in northern Afghanistan.

**ARGENTINA**

July 8—Peronist party leader Carlos Saúl Menem becomes Argentina's President, replacing Raúl Alfonsín. In his inaugural address, President Menem says that the "historic hour of [Argentina's] reconstruction" is beginning.

July 12—President Menem appoints General Isidro Cáceres as Army chief of staff.

July 14—Finance Minister Miguel Roig, who was named by President Menem on July 9 to head Argentina's economic austerity program, dies of a heart attack in Buenos Aires. Nestor Rapanelli is named Finance Minister.

July 19—*The Wall Street Journal* reports that Finance Minister Rapanelli is wanted in Venezuela in connection with a multi-billion-dollar trade-fraud scandal. A warrant for Rapanelli's arrest was issued by a Venezuelan judge on May 26.

**BURMA (See Myanmar)****CAMBODIA**

(See also *Intl, Cambodian Peace Talks; U.S., Foreign Policy*)

July 24—In Paris, in the first round of negotiations on Cam-

bodia's future rule, Prime Minister of the Vietnam-backed government Hun Sen rejects plans to include the Khmer Rouge faction led by Pol Pot in the proposed coalition government. Prince Norodom Sihanouk says he and Hun Sen disagree "on all points."

July 25—Hun Sen and the coalition of non-Communist guerrilla groups led by Prince Sihanouk break off their negotiations.

#### CHAD

(See *Libya*)

#### CHINA

(See also *Cambodian Peace Talks, GATT, Group of Seven; U.S., Foreign Policy*)

July 4—On French television, Wuor Kaixi and Yan Jiaqi, leading dissidents who escaped from China after the Tiananmen Massacre of June 3-4, 1989, issue a statement asking Chinese around the world to form a nonviolent democracy movement.

July 5—The Xinhua News Agency accuses the Voice of America of lying about an incident on June 7 in which Chinese troops allegedly fired into the American diplomatic compound. The U.S. embassy filed a formal diplomatic protest concerning the shooting, which the Chinese government claims was a response to snipers.

July 6—The Foreign Ministry officially rejects the U.S. embassy's protest with regard to the June 7 incident.

Zhu Qizhen, a career diplomat, is appointed ambassador to the U.S., succeeding Han Xu.

July 9—*The New York Times* reports that arrests of journalists and intellectuals are continuing, albeit quietly.

July 15—China bans the sale of foreign newspapers and magazines in order to tighten censorship. Many of the banned publications reported extensively on the democracy movement and the government crackdown in June.

July 18—Prominent dissident Yang Wei is detained by government authorities for conducting "demagogical propaganda for counterrevolutionary ends." Yang was released from prison in January, 1989, after serving a two-year sentence relating to his involvement in the 1986-1987 student demonstrations.

July 22—*The New York Times* reports that Chinese students involved in activities in the U.S. that supported Chinese pro-democracy demonstrations have been harassed by Chinese consular officials.

Chinese officials report that in an unpublished speech in June, Deng Xiaoping announced his plans to retire and leave decision-making to younger leaders.

July 26—The *Washington Post* reports that 300 students protested at Beijing University on July 23. Several were called in for questioning the next day.

A provincial newspaper states that more than 3,000 "counterrevolutionaries" have been arrested in a single 3-day sweep, in addition to the 2,000 arrests nationwide announced earlier.

July 28—The Politburo of the Communist party announces that the children of senior party officials will no longer be permitted to engage in private enterprise and that private supplies of food will no longer be available to party leaders. Nepotism and party privilege were criticized by demonstrators in the May-June protests.

#### CUBA

July 7—After they were convicted of smuggling drugs, General Arnaldo Ochoa Sánchez and 3 officers are sentenced to death by a military court; 10 officers are given long prison terms.

July 13—The 4 officers sentenced to death on July 7 are executed by firing squad.

July 31—Former Interior Minister José Abrantes Fernández, who resigned in June, is arrested on corruption charges.

#### CZECHOSLOVAKIA

(See *Poland*)

#### EGYPT

(See also *India*)

July 20—Sami Youssef Ibrahim Wassef is convicted by a state security court of selling information about Muslim fundamentalism in Egypt to the U.S. CIA (Central Intelligence Agency); he is sentenced to 10 years in prison.

#### FRANCE

(See *U.S.S.R.*)

#### GERMANY, EAST

(See *Japan; Poland*)

#### GREECE

July 1—Conservatives form a ruling coalition with the Communist party; the new government is expected to survive until elections are held within 3 months.

July 2—Conservative leader Tzinnis Tzannetakis is sworn in as Prime Minister; Fotis Kouvelis, a Communist party official, is named Justice Minister.

#### HUNGARY

(See also *Intl, Group of Seven; U.S., Foreign Policy*)

July 6—Janos Kadar, who led Hungary's Communist party for over 30 years, dies in Bucharest. Kadar replaced Imre Nagy after the Hungarian uprising in 1956 and remained party leader until May, 1988.

July 10—Foreign Minister Gyula Horn says that he was told by Romanian officials at a July 8 Warsaw Pact meeting that Romania can produce nuclear weapons.

#### INDIA

(See also *Pakistan; Sri Lanka*)

July 5—*The New York Times* reports that instead of sending chemicals to Iran, an Indian company, Transpek Private Ltd., recalled a shipment of chemicals that could be used to make poison gas and pesticide.

July 7—According to U.S. government officials, in the last 2 years Indian chemical companies have sold Iran, Iraq and Egypt hundreds of tons of chemicals that can be used to make poison gas.

July 24—Protesting against government corruption, most of the opposition resigns from Parliament and calls for Prime Minister Rajiv Gandhi's resignation. The resignations are a response to a report of irregularities in the government's handling of an arms deal with Sweden.

#### IRAN

(See also *India; U.S., Foreign Policy*)

July 30—The final results of the July 28 presidential election show that the Speaker of Iran's Parliament, Ali Akbar Rafsanjani, is the winner; Rafsanjani, who was opposed by only 1 other candidate, receives 95 percent of the vote.

#### IRAQ

(See also *India; Israel*)

July 1—The foreign ministry announces that it will stop sending arms shipments to Christian forces in Lebanon.

#### IRELAND

July 12—By a vote of 84 to 79, Charles Haughey wins reelection in Parliament as Prime Minister. For the 1st time in its history, Haughey's Fianna Fail party joins a ruling coalition with another political party.

**ISRAEL**(See also *Intl, Intl Terrorism, PLO*)

July 5—During a meeting of the Likud party's central committee, Prime Minister Yitzhak Shamir makes concessions to hard-line party members regarding Palestinian elections in the occupied territories.

The Labor party says that the changes in Likud's policy with regard to Palestinian elections violates the terms of the coalition agreement between Labor and Likud.

July 6—Near Abu Ghosh, a Muslim fundamentalist commander a passenger bus and forces it 400 feet into a ravine. At least 14 of the 43 people on board are killed.

July 7—Mourners assault Finance Minister Shimon Peres at the funeral of an Abu Ghosh bus crash victim.

July 10—The leadership of the Labor party recommends that Labor withdraw from its coalition with Likud.

July 16—Finance Minister Peres and Defense Minister Yitzhak Rabin, Labor party leaders, meet with Likud party leaders Prime Minister Shamir and Foreign Minister Moshe Arens to discuss efforts to maintain the coalition government.

July 23—By a 24-4 vote, the Cabinet decides to follow Prime Minister Shamir's original plan for elections in the occupied territories; the Labor party says it will remain in the coalition government.

On the West Bank, 200,000 Palestinian students return to class when schools reopen for the 1st time in over a year.

July 24—The Israeli Supreme Court rules that the government must register as Jews individuals who have been converted to Judaism by Conservative or Reform rabbis; in a separate ruling, the Court says that Reform rabbis cannot perform marriage ceremonies in Israel.

July 30—The Supreme Court says that soldiers cannot demolish the homes of suspected Palestinian demonstrators in the occupied territories without due process of law. This is the 1st attempt by Israeli civil authorities to limit the powers of the Israeli army in the occupied territories.

**ITALY**

July 10—President Francesco Cossiga asks Christian Democrat leader Giulio Andreotti to form a government. Italy has been without a Cabinet since May 19.

July 21—Giulio Andreotti gets the support of 5 political parties and forms a government; he becomes Prime Minister for the 6th time.

**JAPAN**(See also *Mexico; U.S., Foreign Policy, Legislation*)

July 2—Prime Minister Sousuke Uno's Liberal Democratic party (LDP) is defeated in Tokyo municipal elections. The Japan Socialist party (JSP) makes a strong showing.

July 11—Officials announce that Prime Minister Uno will propose a foreign aid package of \$43 billion, including grants and loans, to improve the global environment, reduce 3d world debt and support development in less developed countries.

July 12—The total of Uno's suggested aid package is \$38 billion, not \$43 billion.

July 13—Honda Motor Company says it will buy 20 percent of the Rover Group P.L.C., a British car-making subsidiary of British Aerospace P.L.C. Rover will buy 20 percent of Honda's manufacturing subsidiary in Britain.

July 18—*The New York Times* reports that a Japanese company sent computer chip-making machinery to East Germany, in violation of CoCom (Coordination Committee for Multilateral Export Controls) restrictions on the sale of military technology. The same company was suspected of sending hafnium, a metal used in nuclear reactors, to East Germany in late May.

July 24—The ruling LDP is defeated by the JSP in an election for the upper house of Parliament. Taking responsibility for the worst defeat in 34 years of LDP rule, Prime Minister Uno announces his resignation. The LDP maintains its majority in the more powerful lower house of Parliament, and remains in control of the government. Uno will remain in office until a successor can be chosen.

**KOREA, SOUTH**

July 27—A Korean Air DC-10 jet attempting to land in a dense fog crashes in Tripoli. Of the 199 passengers, about half perish in the crash.

**LEBANON**(See also *Intl, Intl Terrorism, Iraq; U.S.S.R.*)

July 27—In Beirut, 26 people are killed and 82 are wounded in the heaviest fighting between Christian and Muslim forces since March, 1989.

**LIBYA**(See also *Korea, South*)

July 20—Libyan leader Muammar Qaddafi meets Chad's President Hissene Habré in Mali; it is the 1st meeting between the 2 leaders in 7 years.

**MEXICO**

July 5—The ruling Institutional Revolutionary party (PRI) concedes the July 2 gubernatorial election in Baja California Norte to the National Action party (PAN). This is the 1st defeat for PRI in a gubernatorial election in 60 years.

July 23—The Mexican government reaches an accord with Western and Japanese financial institutions on restructuring its \$54-billion debt.

**MOZAMBIQUE**(See *South Africa*)**MYANMAR (BURMA)**

July 5—Defying martial law, 10,000 people rally in Yangon (Rangoon) to oppose military rule in Myanmar. General Saw Maung's military government has pledged to hold multi-party elections.

July 19—Plans for a rally to commemorate the assassination of U Aung San are canceled, after the military authorities threaten violence. U Aung San, father of opposition leader Daw Aung San Suu Kyi, has been credited with leading Myanmar to independence.

July 21—Prominent opposition leaders Daw Aung San Suu Kyi and U Tin Oo are placed under house arrest; they have been charged with spreading dissension in the military and alienating the people from the army.

**NETHERLANDS**(See *U.S., Foreign Policy*)**PAKISTAN**

July 9—Prime Minister Benazir Bhutto denies that Pakistan is building a nuclear bomb. An American report in May, 1989, concluded that Pakistan was developing a bomb for use with the F-16 fighter plane.

July 16—At a banquet for Indian Prime Minister Rajiv Gandhi, Bhutto says that Pakistan wants to prevent nuclear arms proliferation in South Asia. Gandhi does not respond to her remarks; but Indian officials say later that India will not accept an Indian-Pakistani agreement banning nuclear weapons because the issue is international, not regional.

**PANAMA**(See *Intl, IMF, OAS*)



**PERU**

- July 3—Reversing his decision of June, 1989, novelist Mario Vargas Llosa accepts the nomination of the Democratic Front as its candidate in the 1990 presidential election.
- July 28—President Alan García sets April 8, 1990, as the date of Peru's next presidential election.

**PHILIPPINES**

(See also *U.S., Foreign Policy*)

- July 27—Saturnino Ocampo, a high-level Communist rebel leader, is arrested and charged with kidnapping and murder. In 1986, Ocampo was the chief rebel negotiator in the peace talks with Corazon Aquino's government.

**POLAND**

(See also *Intl, Group of Seven; U.S., Foreign Policy; Vatican*)

- July 4—A parliamentary session begins in Warsaw; Solidarity representatives form the official government opposition.
- July 13—Polish leader General Wojciech Jaruzelski asks the Group of Seven members meeting in Paris for \$3 billion in economic aid and for restructuring of Poland's debt.
- July 14—Solidarity leader Lech Walesa announces that he will support any Communist party candidate, including General Jaruzelski, for the powerful new position of President.
- July 18—General Jaruzelski says he will run for President when Parliament votes on July 19.
- July 19—Parliament elects General Jaruzelski as President, but he receives only the bare minimum needed for election.
- July 20—Citing Poland's severe economic problems, President Jaruzelski calls on Solidarity and the Communist party to form a coalition government.
- July 25—After meeting with President Jaruzelski, Lech Walesa says that Solidarity will not join a coalition with the Communist party, but will prepare instead for the time that it can rule on its own.
- July 26—After meeting with President Jaruzelski, Solidarity official Jozef Slisz says Jaruzelski told him that the Soviet Union, East Germany and Czechoslovakia would look at Poland "askance" if Solidarity were allowed to form a government.
- July 29—At a Central Committee meeting, Prime Minister Mieczyslaw Rakowski replaces Wojciech Jaruzelski as leader of the Communist party; Jaruzelski will remain President. In addition, 5 Politburo members are dismissed from their positions.
- July 30—The government says it will end meat rationing and lift a freeze on food prices.
- July 31—Interior Minister Czeslaw Kiszczak is nominated to replace Mieczyslaw Rakowski as Prime Minister.

**ROMANIA**

(See *Intl, Warsaw Pact; Hungary*)

**SAUDI ARABIA**

- July 11—A Muslim extremist group claims responsibility for 2 blasts on July 10 near the Grand Mosque in Mecca; the explosions killed 1 person and wounded 16 others.

**SOUTH AFRICA**

(See also *U.S., Foreign Policy*)

- July 8—The government announces that President P.W. Botha met with jailed African National Congress (ANC) leader Nelson Mandela on July 6 at Botha's Capetown residence. It was their 1st meeting and the 1st official contact between the government and the ANC since the ANC was outlawed in 1960.
- July 9—Winnie Mandela, the wife of Nelson Mandela, accuses the government of exploiting her husband.

- July 12—In a statement made available to the press by the South African government, Nelson Mandela says that the government must negotiate with anti-apartheid leaders and the ANC if it wants to "promote peace" in South Africa.

- July 19—National party leader F.W. De Klerk meets with President Joaquim Chissano of Mozambique in Maputo.

- July 22—F.W. De Klerk says that the government may participate in a "process of dialogue and negotiation" with the ANC if the ANC follows Nelson Mandela's example and makes a commitment to "the pursuit of peaceful solutions."

**SRI LANKA**

- July 13—While waiting to meet with representatives of the separatist Liberation Tigers of Tamil Eelam (LTTE), 2 leaders of the moderate Tamil United Liberation Front are killed by gunmen allegedly belonging to the LTTE.

- July 27—The Sri Lankan government rejects an invitation from India asking Foreign Minister Ranjan Wijeratne to visit India and negotiate the withdrawal of Indian peacekeeping forces from Sri Lanka. President Ranasinghe Premadasa has demanded that all Indian troops withdraw by July 29.

- July 28—Premadasa announces that the Indian government has agreed to withdraw some, but not all, of its troops. In Sinhalese areas, 69 people are killed in demonstrations and attacks on police officers, in protest against the continued presence of the Indian troops. Premadasa later reverses his decision of July 27 and agrees to send Foreign Minister Ranjan Wijeratne to New Delhi to negotiate the complete withdrawal of the Indian peacekeeping force.

- July 29—600 Indian soldiers leave Sri Lanka.

**SUDAN**

- July 6—Former Prime Minister Sadiq Mahdi, who was ousted by a military coup in June, is arrested and placed in military custody in Khartoum.

**SWEDEN**

(See also *India*)

- July 27—A jury convicts Carl Gustav Pettersson of the 1986 murder of Prime Minister Olof Palme and sentences him to life in prison.

**U.S.S.R.**

(See also *Intl, Cambodian Peace Talks, Council of Europe, Group of Seven; Poland; U.S., Foreign Policy*)

- July 1—In a televised speech, President Mikhail Gorbachev addresses ethnic and nationalities issues that he says endanger "the destiny and integrity" of the Soviet Union.

- July 3—Long-time Foreign Minister Andrei Gromyko dies at the age of 79; Gromyko entered the foreign ministry in 1939 and served as foreign minister from 1957 to 1985.

For the 1st time, excerpts from Aleksandr Solzhenitsyn's *The Gulag Archipelago* appear in the Soviet press.

- July 4—The Supreme Soviet relieves Vladimir Kamentsev, one of the Gorbachev's top economic advisers, of his positions as Deputy Prime Minister and chairman of the Foreign Economic Commission.

- July 5—Visiting France, President Gorbachev tells reporters that the political future of Poland and Hungary is "their affair"; however, Gorbachev says that they may find a "new quality of life within a socialist system."

President Gorbachev and French President François Mitterrand call for a cease-fire in Lebanon.

- July 12—Leningrad party leader Yuri Solovyov is replaced by Boris Gidasov and is criticized by President Gorbachev.

- July 13—The Communist party newspaper *Pravda* says that 12,000 coalminers in Siberia have gone on strike to protest a lack of food, clothing and consumer goods.

July 16—Coal production in western Siberia is paralyzed; 100,000 workers are on strike.

The Soviet news agency Tass reports that ethnic violence between Georgians and Abkhazians in the Georgian city of Sukhumi has left 11 people dead.

July 17—The escalating coalminers' strike spreads to the Donets Basin in the Ukraine, the country's richest coal region. In addition, a Politburo delegation travels to Siberia to talk with coalminers.

July 19—Workers from 30 mines in the Ukraine join the coalminers strike; strikers in Siberia reject the call of their own leaders to end the walkout and ask for higher wages and more influence in the decision-making process.

President Gorbachev makes a surprise appearance before the Supreme Soviet and labels the labor situation in Siberia and the Ukraine a "very acute" crisis.

July 20—According to *Pravda*, Gorbachev asked for a purge of party leaders at every level during a July 18 meeting of party officials.

In response to government concessions, striking coalminers in western Siberia return to work; however, *Izvestia* reports that 300,000 miners are on strike in the Ukraine.

July 23—In a nationally televised interview, Gorbachev says he is "inspired" by the striking coalminers desire for the "radical changes" needed to ensure the success of perestroika (economic reform).

For the 1st time, the Soviet government acknowledges the 1939 secret protocol between Soviet leader Joseph Stalin and Nazi German leader Adolph Hitler that ceded the Baltic republics to the Soviet Union.

July 24—In an attempt to defuse the labor crisis, Gorbachev says that the republics and local governments can decide when they want to hold elections; previously, he postponed such elections until spring, 1990.

July 25—Satisfied with the prospect of local elections and a guarantee of pay raises and increased benefits, striking miners in the Ukraine return to work.

Over 100,000 people protest in Latvia, demonstrating in favor of measures guaranteeing its economic autonomy.

July 27—In principle, the Supreme Soviet approves measures that will free Lithuania and Estonia from central economic planning; the resolution, subject to final approval in October, allows the republics to control their own taxes, budgets, financial markets and foreign trade. Similar legislation for Latvia is under consideration.

July 30—Independent members of the Congress of People's Deputies form a 400-member group advocating accelerated political and economic reform; 5 chairmen are appointed, including former Moscow party chief Boris Yeltsin and human rights activist Andrei Sakharov.

## UNITED KINGDOM

### Great Britain

(See also *Japan*)

July 24—Prime Minister Margaret Thatcher announces several Cabinet changes. John Major replaces Sir Geoffrey Howe as foreign minister; the former minister for Northern Ireland, Tom King, replaces George Younger as defense minister. In addition, Kenneth Baker will replace Peter Brooke as Conservative party leader.

### Northern Ireland

(See *U.K.*, *Great Britain*)

## UNITED STATES

### Administration

July 6—Environmental Protection Agency (EPA) adminis-

trator William Reilly announces that over the next 7 years, an almost complete ban will be initiated on most products containing asbestos.

July 7—President Bush asks Congress to increase the pay of 2,900 executive branch officials by as much as 26 percent; some 200 hundred officials would receive even larger increases. He also suggests that Congress increase the salaries of its own members, conditional on a reduction of 50 percent in ceilings on their outside income for speaking engagements.

July 17—Secretary of Commerce Robert Mosbacher says that in the 1990 census, the Census Bureau will conduct a random survey of 150,000 homes to make a more accurate count of minorities; the announcement follows an agreement reached in U.S. District Court in Brooklyn.

A United Airlines DC-10 jumbo jet with 290 passengers and crew crashes while attempting an emergency landing at the Sioux City, Iowa, airport; some 165 people aboard the plane survive the crash, which was caused by the disintegration of one of the engines, leading to a complete failure of hydraulic power. The Federal Aviation Administration is undertaking an investigation.

July 21—President George Bush sends his 300-page antipollution program to Congress; the program includes plans for a reduction of acid rain and pollution caused by automobiles and urban smog; he wants every American to be able to "breathe the clean air."

July 29—Westinghouse Corporation notifies the Energy Department that it will cost at least \$1.6 billion to repair and restart the Savannah River site nuclear weapons plant and to repair 12 other nuclear plants operated by the Department. This figure is 4 times the original estimated cost; the work will not be completed until 1991.

### Economy

July 7—The Labor Department reports that the nation's unemployment rate rose to 5.2 percent in June.

July 10—The Chase Manhattan Bank lowers its prime rate to 10.5 percent.

July 14—The Labor Department reports that its producer price index fell 0.1 percent in June.

The Commerce Department reports that the nation's foreign trade deficit for May rose to \$10.24 billion.

July 19—The Labor Department reports that its consumer price index rose only 0.2 percent in June.

July 28—The Commerce Department reports that the nation's gross national product (GNP) grew at an annual rate of 1.7 percent in the 2d quarter of 1989.

July 31—Most major banks lower their prime lending rate to 10.5 percent.

The New York Stock Exchange's Dow Jones industrial average of 30 blue chip stocks closes at 2,660.66, its highest level since October, 1987.

### Foreign Policy

(See also *Intl. Cambodian Peace Talks*, *Group of Seven*, *Intl. Terrorism*, *World Bank*; *Afghanistan*; *China*; *Egypt*; *Israel*; *Pakistan*)

July 3—Secretary of State James Baker 3d leaves for a week's tour of Pacific nations.

July 4—In Tokyo, Secretary Baker says the U.S. will ask Congress for \$1 billion over the next 5 years in economic aid for the Philippines (an effort called the Multilateral Assistance Initiative for the Philippines); the pledge was made at a Tokyo meeting of 19 nations and 7 international institutions.

July 7—At a Washington, D.C., news conference, President George Bush announces U.S. forgiveness of official development loans of up to \$1 billion to sub-Saharan African countries, with the exception of South Africa.

State Department officials grant the Boeing Company a

waiver of sanctions on trade with China, allowing Boeing to sell four 757 commercial jettliners to China.

July 9—President Bush arrives in Warsaw to begin a 10-day European trip; he will spend 2 days in Poland and 2 days in Hungary.

July 10—In Warsaw, President Bush proposes a 6-point program of \$100 million in aid for Poland's private sector.

July 11—President Bush arrives in Budapest for a 2-day visit.

July 12—President Bush offers limited economic aid to Hungary, including \$25 million in aid to Hungary's private sector.

July 17—President Bush ends his 10-day European trip after a short visit to the Netherlands.

State Department spokesman Richard Boucher reports a U.S. offer to pay between \$100,000 and \$250,000 apiece to relatives of Iran Air passengers killed July 3, 1988, when their plane was mistakenly shot down by the U.S.S. *Vincennes* in the Persian Gulf.

July 18—The Commerce Department announces a change in export policy that will permit the sale of more up-to-date personal computers to the Soviet Union and the Eastern bloc countries.

President Bush returns to Washington, D.C., and says "a new world is within our reach."

July 25—President Bush extends steel import quotas for 30 months to continue to protect U.S. steelmakers from what is considered unfair foreign competition.

July 28—Secretary Baker flies to Paris to attend the Cambodian peace conference; President Bush says he has instructed Baker to ask for improved Cambodian cooperation in finding U.S. servicemen missing in action (MIAs) in Cambodia.

July 29—Secretary Baker meets in Paris with Soviet Foreign Minister Eduard Shevardnadze; Shevardnadze suggests a September meeting for Mikhail Gorbachev and President Bush; Baker expresses less optimism that such a meeting can take place.

July 31—President George Bush cuts short a cross-country trip to meet with his national security advisers, diplomatic advisers and congressional leaders to discuss the U.S. response to what he calls the "brutal murder" of Marine Lieutenant Colonel William Higgins by a Shiite Muslim group holding him hostage in Beirut.

The Congressional Research Service reports that U.S. arms sales to 3d world countries in 1988 increased 66 percent over the previous year to \$9.2 billion, only slightly less than the \$9.9-billion sales of arms by the Soviet Union.

### Labor and Industry

July 28—In U.S. District Court in Washington, D.C., Judge Harold Greene lets lapse his 1982 decree preventing the American Telephone and Telegraph Company (AT&T) from transmitting or generating computerized news.

### Legislation

July 11—Congress resumes its session after a holiday recess.

July 26—President Bush signs legislation ending the last wellhead price controls on natural gas; these controls were first enacted 35 years ago in the Natural Gas Policy Act.

July 31—President George Bush vetoes legislation restricting the U.S.-Japanese arrangement for joint production of an advanced jet fighter. The legislation passed in the House of Representatives in June, 262 to 155, and in the Senate in May, 72 to 27.

### Military

July 2—The chairman of the joint chiefs of staff, Admiral William Crowe Jr., announces his retirement, effective September 30.

July 17—The B-2 Stealth bomber makes its first flight suc-

cessfully; the \$500-million-plus radar-evading plane flew for about 2 hours.

### Political Scandal

July 5—In U.S. District Court in Washington, D.C., Judge Gerhard Gesell fines former White House national security council aide Oliver North \$150,000 for crimes committed in the Iran-contra affair. North, who was an aide to President Ronald Reagan, is placed on probation for 2 years and ordered to perform 1,200 hours of community service in a drug program for inner-city youths.

July 6—Secretary of Housing and Urban Development (HUD) Jack Kemp cancels new and pending applications of the Retirement Service Center program, a housing program for the elderly which cost \$119 million in nonrecoverable losses; in addition, there is evidence of fraud, theft, influence peddling and mismanagement in some 28 programs where 94 percent of HUD money has been spent or collected. Kemp says that 630 cases involving HUD are now under investigation by the Justice Department.

July 11—Testifying before a subcommittee of the House Oversight Committee, Kemp estimates that fraud and mismanagement in the U.S. housing program has cost the government some \$2 billion. HUD, the Justice Department and several congressional committees are investigating the charges of fraud and mismanagement at HUD.

July 28—Joseph Monticciola, the HUD regional administrator for New York from 1981 to 1988, tells the House government operations subcommittee on employment and housing that decisions he initiated while in office "benefited people who are partners of mine now."

### Science and Space

July 20—In a speech commemorating the 20th anniversary of landing on the Moon, President Bush calls for an expedition to Mars, the establishment of a moon base and "the permanent settlement of space." The President says he has asked the National Space Council, chaired by Vice President Dan Quayle, to make recommendations.

### Supreme Court

July 3—In *Webster v. Reproductive Health Services*, the Court rules, 5 to 4, to uphold a Missouri law that severely limits a woman's ability to obtain an abortion after 20 weeks of gestation, narrowing the 1973 decision, *Roe v. Wade*, which established a woman's constitutional right to choose an abortion based on the right of privacy implicit in the constitution. This decision permits states to restrict the conditions under which a woman may obtain an abortion.

Overruling a lower court ruling, the Court rules 5 to 4 that the display of a religious Nativity creche in front of a public building violates the separation of church and state; at the same time, the Court rules 6 to 3 that the display of a menorah next to a Christmas tree in the same city is permissible because it is part of a secular holiday decoration and does not represent an official endorsement of a particular religion.

The Court's spring term ends.

### VATICAN

July 17—The Vatican and Poland restore diplomatic relations after a 44-year hiatus.

### VENEZUELA

(See *Argentina*)

### VIETNAM

(See *Intl. Cambodian Peace Talks*)



## BOOK REVIEWS

(Continued from page 206)

REMAKING THE ECONOMIC INSTITUTIONS OF SOCIALISM: CHINA AND EASTERN EUROPE. *Edited by Victor Nee and David Stark.* (Stanford: Stanford University Press, 1989. 405 pages, notes and index; cloth, \$48.50; paper \$13.95.)

The contributors to this collection explore the extent to which centralized economies can be reformed by the introduction of markets. The comparative perspective provided is useful. D.E.S.

## ALSO RECEIVED

A RESEARCH GUIDE TO CENTRAL PARTY AND GOVERNMENT MEETINGS IN CHINA, 1949-1986. *By Kenneth G. Lieberthal and Bruce J. Dickson.* (Armonk, N.Y.: M.E. Sharpe, Inc., 1989. 339 pages, bibliography and index, \$50.00.)

SINGLE SPARKS: CHINA'S RURAL REVOLUTIONS. *Edited by Kathleen Hartford and Steven M. Goldstein.* (Armonk, N.Y.: M.E. Sharpe, Inc., 1989. 216 pages, notes and index, \$35.00).

A HISTORY OF THE CHINESE COMMUNIST PARTY. *By Stephen Uhalley Jr.* (Stanford, Calif.: Hoover Institution Press, 1988. 340 pages, notes, bibliography and index, \$17.95.)

AGRARIAN RADICALISM IN CHINA, 1968-1981. *By David Zweig.* (Cambridge, Mass.: Harvard University Press, 1989. 270 pages, notes, bibliography and index, \$30.00).

CHINA'S MILITARY MODERNIZATION: INTERNATIONAL IMPLICATIONS. *Edited by Larry M. Wortzel.* (Westport, Conn.: Greenwood Press, 1988. 224 pages, bibliography and index, \$37.95.)

POLICIES OF CHAOS: THE ORGANIZATIONAL CAUSES OF VIOLENCE IN CHINA'S CULTURAL REVOLUTION. *By Lynn T. White III.* (Princeton, N.J.: Princeton University Press, 1989. 367 pages, bibliography and index, \$39.50.)

CHINA'S REGIONAL DEVELOPMENT. *Edited by David S.G. Goodman.* (London and New York: Routledge, 1989. 204 pages, maps and index, \$66.50).

THE POLITICAL ECONOMY OF CHINESE SOCIALISM. *By Mark Selden.* (Armonk, N.Y.: M.E. Sharpe, Inc., 1989. 241 pages, notes, bibliography and index; cloth, \$39.95; paper, \$15.95.)

CHANGES IN CHINA: PARTY, STATE AND SOCIETY. *Edited by Shao-chuan Leng.* (Lanham, Md.: University Press of America, 1989. 368 pages, index; cloth, \$36.50; paper, \$19.75.) ■

## CHINA'S POLITICS

(Continued from page 297)

open to question. In a real way, the army will determine Deng's successor, but the army's choice is far from clear, and it is doubtful that the army will have a unified position on the succession, again raising the prospect of civil war.

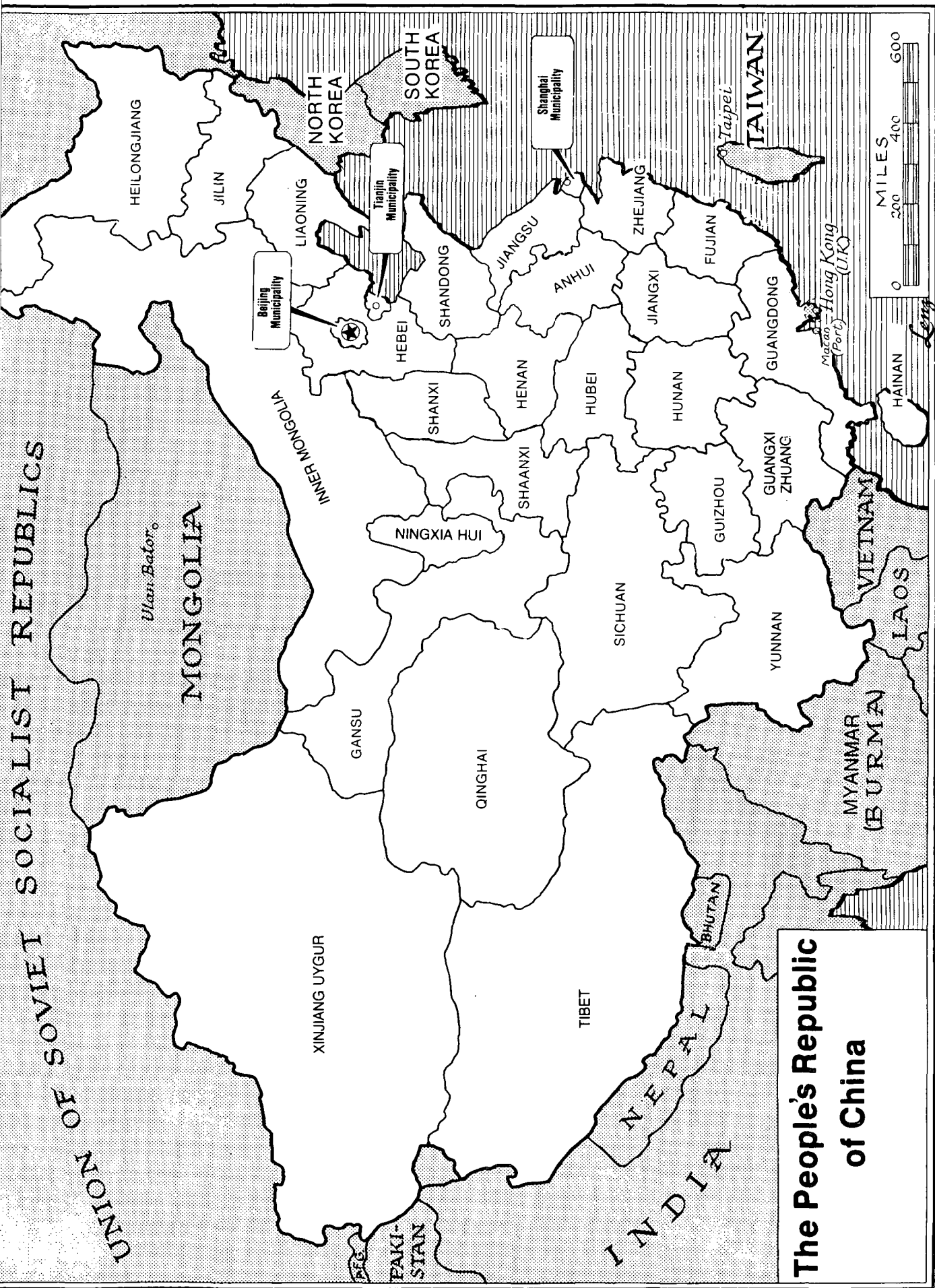
In terms of economics, the events of the last two months have been a disaster. The violence and instability and the hard-line attitudes of China's leaders will scare off new foreign investments and loans. The leadership says the Open Door policy will continue, but foreigners will undoubtedly see investment in China as highly risky. Moreover, the hardliners' victory has profoundly shaken confidence in Hong Kong, which has played a vital role in China's open policy. Unless conditions change dramatically, skilled people, technology and capital will flee Hong Kong in increasing numbers; only an empty shell will remain when China regains sovereignty over Hong Kong in 1997.

The hard-line victory does nothing to solve the problems of inflation, corruption and low productivity in the agricultural and industrial sectors. Indeed, evidence from the first four months of 1989 suggested that the economy was deteriorating. The military may be able to suppress the population, but it is unlikely to prevent the decline if not the collapse of the central government's authority.

The most intractable problem is what to do about society. Urban China has demonstrated its profound dissatisfaction with party leadership. Without a willing and able population, China will make little progress in modernization. Current efforts that revive Maoist methods to "solve" contradictions by suppression will not change popular alienation.

In light of these fundamental problems, China's near-term political future looks grim. Regional and bureaucratic interests will struggle against the political center to maintain the privileges they already have and to expand them. The center will have great difficulty regaining control over the economy and society. The economy will drift, and the struggles for power will continue indefinitely. The power struggles will contribute to the further erosion of central control, although China will remain nominally unified.

At some point, the military will decide that the situation has gotten out of hand, and it will interfere. Whether this will be a reforming military or a more typical military junta that accomplishes nothing remains to be seen. What is certain is that China's near-term future looks tragic, and this tragedy could have been avoided if China's leadership had had the imagination to opt for political reform in May, 1989. ■



UNION OF SOVIET SOCIALIST REPUBLICS

MONGOLIA  
*Ulan Bator*

Beijing Municipality

NINGXIA HUI

XINJIANG UYGUR

PAKISTAN

TIBET

INDIA  
NEPAL  
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